

كتاب من الاصل

Weekend

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WEEKEND NOVEMBER 11/NOVEMBER 12 1995

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Calls for expulsion from Commonwealth Economic sanctions likely

Nigeria defies world pleas and executes activists

By Michael Holman in Auckland

Nigeria yesterday executed Mr Ken Saro-Wiwa and eight other minority rights activists in defiance of worldwide pleas for clemency, increasing pressure for economic sanctions against the country's military regime.

South African president Nelson Mandela said early today he would recommend Nigeria's expulsion from the Commonwealth, "pending the installation of a democratic government".

Mr John Major accused the Nigerian authorities of "judicial murder". The British prime minister said there could be "no place" for Nigeria in the Commonwealth until the country was returned to democracy.

A senior official of the Commonwealth, whose heads of government are meeting in New Zealand, said: "Suspension of Nigeria now seems certain. Economic sanctions become a real possibility."

The International Finance Corporation said it would no longer back construction of the country's proposed multi-billion dollar liquefied natural gas project as a result of the executions. The project at Bonny has the capacity to become Nigeria's largest foreign exchange earner after oil.

Shell 'regrets' execution but continues strategy — Page 3

The nine men were hanged around noon, the state-owned News Agency of Nigeria said. They were buried four hours later amid tight security.

Mr Saro-Wiwa, 54, had led a campaign for self-determination for the 500,000-strong Ogoni people in the Niger delta and to protect their environment against the activities of foreign oil companies. He and the other activists had been convicted of inciting the murders of four moderate Ogoni politicians.

In Washington, just before executions were announced, Mr Zubair Kassaure, Nigerian ambassador to the US, said clemency was impossible because "the ruling council has confirmed the sentences". He claimed Mr Saro-Wiwa intended to break up Nigeria and set up an independent Ogoniland.

Commonwealth leaders, scheduled to spend the weekend discussing ways to restore Nigeria and other military regimes to democracy, expressed outrage.

Effective sanctions would require a UN Security Council mandate. If it was obtained, the

country is highly vulnerable. Oil exports of some 1.4m barrels a day account for more than 90 per cent of foreign earnings, and the oil-producing south-west, where production is mainly offshore, could readily be blockaded.

Mrs Madeleine Albright, US ambassador to the UN, told a UN Security Council meeting in New York that the US was considering formal action against Nigeria.

News of the hangings has precipitated Nigeria's most serious crisis since the Biafran secessionist war in the late 1960s. Although there is no immediate threat to the regime, led since 1993 by General Sani Abacha, world reaction may fuel discontent among middle-ranking and senior officers.

The pressure of sanctions could destabilise Africa's most populous state, with 90m people, rather than peacefully displace the Abacha regime. Divided by ethnic and regional tensions, burdened by an external debt of nearly \$40bn, and governed by military regimes for all but 10 years since independence in 1960, Nigeria is brittle and volatile.

The Abacha regime had been condemned earlier this year for its sentencing to death or life imprisonment of alleged coup plotters, including the former



Ken Saro-Wiwa, who had led a campaign for self-determination for the Ogoni people, was executed with eight others by Nigeria. Picture: AP

Germany proposes fines to regulate Emu states

By Peter Norman in Bonn

Germany yesterday proposed tough new sanctions, including fines, to ensure that countries joining the planned European economic and monetary union keep their domestic finances under control.

Mr Theo Waigel, the German finance minister, told the Bundestag, the German lower house of parliament, that Emu member states whose budget deficits exceeded the Maastricht treaty limit of 3 per cent of gross domestic product should automatically be obliged to pay "a stability deposit" into a non-interest bearing account.

The deposit would be paid back to the offending country once its deficit fell below 3 per cent of GDP. But if, after two years, the deficit was not corrected, the deposit would be turned into a fine and paid into the European Union budget.

Mr Waigel's proposals were a clear attempt to reassure the German public that widespread concern about possible inflationary implications of Emu is misplaced and that the proposed single currency would be as strong as the D-Mark.

But his comments were greeted with predictable scorn by British Eurosceptic Conservative MPs, who said the German finance minister was building higher hurdles in an attempt to stop Emu ever happening.

Mr Waigel suggested the deposit and possible fine should be 0.25 per cent of a country's GDP for every percentage point of deficit above the 3 per cent Maastricht limit.

The minister will discuss the proposal, which is part of a suggested "stability pact for Europe," with other EU states bilaterally and in the EU council of economics and finance ministers on November 27. Mr Waigel

Toyota profits down as strong yen hits market

Toyota, Japan's biggest motor group, suffered a 54 per cent decline in profits for the first half of 1995, reflecting fierce competition in the domestic market and a poor performance overseas. Toyota's recurring profits more than halved from ¥148.8bn (\$1.48bn) to ¥68.1bn, and came amid a widely divergent set of results announced by the Japanese motor industry. Increasing rivalry came as other Japanese car manufacturers, bolstered by the strong yen overseas, tried to increase their domestic market share. Toyota has not been as successful as others in meeting the huge demand for recreational vehicles. Page 22; Mitsubishi and Mazda, Page 6

UK shares buffeted by fears over US debt

Unease over the prospect of the US defaulting on its debt obligations next week brought international bonds under heavy fire and undermined sentiment in UK equities.

The FT-SE 100 lost almost half its gains from earlier in the week to close 18.3 points lower at 3,523.4, leaving the index 23.0 higher over the five-day period. Wall Street followed bonds lower, with the Dow Jones Industrial Average over 20 points off before recovering its lost ground by mid-afternoon trading. Page 19; World stocks, Page 17; Lex, Page 22; Markets, Weekend FT Page XXII

Parties back Russian poll date: The leaders of several of Russia's biggest political parties demanded that parliamentary elections take place on December 17 despite a row over imperfections in the electoral law. Page 2

Clinton set to veto debt ceiling legislation: US President Bill Clinton was poised to veto his veto within the next 48 hours because of conditions Congress is attaching to legislation temporarily funding government operations and raising the \$4,900bn debt ceiling. Page 3

Sahlin quits Swedish government: Mona Sahlin, Sweden's embattled deputy prime minister, dropped her bid to succeed Ingvar Carlsson as premier and resigned from the government. Page 2

Angkor Wat in a new light: The Cambodian temple complex, Angkor Wat, considered to be one of the world's most lavish and architecturally significant monuments, is to be wired up with sound and light shows. Page 22

Technology transition cuts Sega results: Sega, the high-technology entertainment company, reported a 32 per cent decline in non-consolidated first-half profits. Page 6

Performance rise for Japan's steelmakers: Cost-cutting helped Japan's four large integrated steel makers improve performance in the first half, despite lacklustre sales. Page 6

Companies in this issue

Banner Homes	6	Meyer Int	6
British Airways	5, 4	Mitsubishi	6
CRT	6	Molins	6
CS Holding	6	MPI	6
Camelot Corp	6	NOK	6
Capital & Regional	6	Pernod Ricard	6
Cook (William)	6	Quadrant	6
Debt Securities	6	Sega	6
Enders	6	Senior Engineering	6
Franchet	6	South Wales Elect	6
Gambro	6	Suntomo Metals	6
Gencor	6	Sunbelt + Vine	6
Harpur	6	Ticketing	6
Harrisons Oxford	6	Trinity Newspapers	6
Impala Platinum	6	Unilever	6
Kobe Steel	6	Vero	6
Littlewoods	6	Wissal	6
Lorho	6	Welsh Water	6
MR-Data Management	6	Western Mining	6
Mazda	6	York Pacific	6

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Lubbers withdraws from contest to head Nato

By Bruce Clark in Washington, Ronald van de Krol in Amsterdam and Lionel Barber in Berlin

Nato was plunged into disarray yesterday after the Netherlands, acting under pressure from the US, withdrew the bid of Mr Ron Lubbers, a former Dutch prime minister, for the job of secretary-general of the 16-member alliance.

Mr Lubbers had secured support of all Nato's leading European members and his elevation

Alliance in disarray after US blocks former Dutch PM

to the group's top political job was viewed as a virtual certainty until he ran into US objections.

Diplomats said the dispute, which frayed tempers in The Hague, Washington and several other Nato capitals, was among the most serious to occur in the alliance since the Soviet bloc's collapse five years ago left it searching for a new role.

Mr Hans van Mierlo, the Dutch foreign minister, said Mr Lubbers

had asked for his name to be withdrawn after it became clear that Washington was resisting strongly. The minister said the veteran Dutch leader "does not wish to be a source of disunity within the alliance".

The withdrawal of Mr Lubbers leaves only one other declared candidate, Mr Uffe Ellemann-Jensen of Denmark, in the race to succeed Mr Willy Claes, who resigned as secretary-general on

October 16 after being named in a scandal which has engulfed his Belgian Socialist party.

Mr Hans van den Broek, the Dutch politician who now handles the external relations of the

European Union, was tipped earlier for the Nato job and may re-enter the race. Mr Ellemann-Jensen has encountered opposition from France, and diplomats

Continued on Page 22
Decline and fall of the high-flying Dutchman, Page 2

British skiers run into French opposition over Méribel resort

By Andrew Jack in Paris

British skiers are heading towards a clash with French politicians in a bitter dispute over control of one of the most chic winter resorts in the Alps.

UK shareholders and directors of Méribel Alpina, the operator of the ski lifts and slopes in the French resort of Méribel, have taken action to fight off what they believe is an attempt by the local authorities to take control of the company.

Méribel was developed by a

British army colonel just before the second world war and the British still make up a high proportion of Méribel Alpina shareholders.

While the French government is calling for economic liberalisation and the privatisation of state-owned companies, the Méribel shareholders say some senior politicians have been trying to do the reverse in their resort.

Rumours have been circulating that the departmental government of Savoie wants to become the biggest shareholder, and has

placed pressure through national politicians on the largest investor — the partly state-owned Compagnie des Alpes — to sell its 36 per cent stake.

Sir Edward Tomkins, former British ambassador in Paris and a director and shareholder of Méribel Alpina, expressed his fears of a change in ownership at the company's recent annual general meeting, at which investors approved a decision to help lead off discreet share dealings by

Continued on Page 22

STOCK MARKET INDICES			
FT-SE 100: 3,523.4 (-18.3)	US DOLLAR INDEX: 82.8 (-0.4)	STERLING: 1.5685 (1.5778)	DOLLAR: 1.4165 (1.4161)
FT-SE Euro Stoxx 100: 4,010.17 (-11.13)	Federal Funds: 6.50%	New York: 1,985	DM: 4.6765 (4.6837)
FT-SE A-Share: 1,782.39 (-0.49)	3-m Treasury Bill: 5.89%	London: 1,578 (1.5778)	FF: 4.6765 (4.6837)
Nikkei: 17,949.56 (+22.22)	Long Bond: 107 1/2	S&P: 1,138	Y: 100.85 (101.6)
New York: 1,985 (1.5778)	Yield: 6.32%	DM: 2,246 (2.2358)	London: 1,412 (1.4161)
Dow Jones Ind Ave: 4,854.47 (-0.78)	US NORTH SEA OIL (Argus)	FF: 7,690 (7.7089)	FF: 4.6765 (4.6837)
S & P Composite: 382.58 (-1.23)	Brent 15-day (Dec): 216.82 (15.88)	SF: 1,791 (1.8024)	SF: 1.5375 (1.5419)
FT-SE 100: 3,523.4 (-18.3)	US GOLD: 328.4 (27.4)	Y: 100.85 (101.6)	S index: 62.7 (63.0)
FT-SE A-Share: 1,782.39 (-0.49)	New York Comex (Dec): 328.4 (27.4)	2 Index: 82.8 (84.1)	Tokyo close Y: 100.87
Nikkei: 17,949.56 (+22.22)	London: 328.35 (25.3)		
CONTENTS			
News	Letters	FT-SE A-Share Index	Recent Issues
International News: 2,3	Man in the News: 8	Foreign Exchange: 10	Share Information: 20,21
UK News: 4	Companies: 10	Gold Markets: 7	World Commodities: 7
Weather: 22	UK: 5,6	London: 15	Wall Street: 15,17
Lex: 22	Int. Companies: 8	LSE Dealings: 16	Business: 15,17
Features	Markets	Managed Funds: WM 11-15	Weekend FT
Leader Page: 8	FT-SE Activities: 19	Money Markets: 10	Section 1

NEWS: EUROPE

Bonn turns the screw to win Emu budget discipline

Waigel seeks to convert domestic German audience with a radical proposal to fine countries for failure to meet targets

From Peter Norman in Bonn and David Buchan in Paris

Mr Theo Waigel, Germany's finance minister, is clearly a politician who believes in keeping the best bit of any disclosure until last.

Yesterday, he appeared before the Bundestag, Germany's lower house of parliament, for the second time this week to defend the 1996 federal budget and discuss his concept of a "stability pact for Europe". The aim of such a pact was to strengthen the Maastricht treaty conditions that will apply to nations that become full members of the EU's planned economic and monetary union.

He proposed a significant toughening of Germany's already hard-line

stance towards the Maastricht convergence criteria through automatic financial penalties for Emu members that in normal conditions exceed the Maastricht limit for budget deficits of 3 per cent of gross domestic product. Germany has been discussing additional measures to secure budget discipline in the context of Emu with its 14 EU partners for at least two months and has previously hinted at automatic penalties.

But yesterday was the first public disclosure of the proposal that countries should set aside a non-interest-bearing "stability deposit" amounting to 0.25 per cent of GDP for each 1 percentage point of budget deficit as soon as the 3 per cent deficit limit were exceeded. If, after two years,

the country's deficit was still above 3 per cent, the deposit would be converted into a fine and paid into the European Union budget.

By any standards this is a radical proposal. Taxing and spending go to the heart of national sovereignty and in Britain, for example, are at the root of parliament's power. The size of the proposed deposit or fine is not negligible: many countries spend less than 0.25 per cent of GDP on development aid.

The proposal raises several other questions. Mr Hermann Rensperger, chief economist of BHP-Bank in Frankfurt, yesterday pointed out that deficit countries could face difficulties raising sufficient funds to pay a deposit or fine.

Although at first sight the idea of paying the fines into the EU budget might seem a sensible way of easing Germany's position as the largest net contributor to the EU, it also poses problems. It would presumably benefit countries which had opted out of Emu.

Yesterday the Bonn finance ministry said Mr Waigel's ideas were being sent to other EU states. That Mr Waigel should choose to unveil his proposal more or less simultaneously in the Bundestag shows how far Bonn is anxious to prove to its citizens they will not suffer from the planned replacement of the D-Mark by a single European currency.

It was clear from the prepared text of Mr Waigel's speech that Germany

had not put forward its latest ideas to scupper Emu. He said Germany wanted to avoid competitive devaluations in Europe and Emu was the best way of achieving this.

But a furious debate has raged in Germany for the past two weeks since leaders of the opposition Social Democratic party appeared to cast doubt on Emu. In particular, Mr Rudolf Scharping, the SPD leader has scored points in demanding additions to the Maastricht treaty to ensure that the convergence criteria are respected on an enduring basis.

From a political point of view, it has not mattered that Mr Waigel was already working on such a project. The discussion on Emu, although it has generated more heat

than light, has brought home to the Bonn political risks of Emu. According to a poll in the weekly newspaper Die Woche, 61 per cent of Germans are opposed to Emu and 77 per cent do not feel sufficiently informed about the project.

Yesterday, Mr Waigel claimed Germany's ideas had been met "with great interest and approval" when first aired at an informal meeting of EU economics and finance ministers at the end of September. The French reaction to the latest Waigel initiative yesterday was generally one of acceptance, if not welcome. Officials pointed out that the Maastricht treaty called for sanctions against monetary union participants running excessive budget deficits.

Iberia poised to step up subsidy demand

By Emma Tucker in Brussels

Iberia, Spain's struggling national airline, is likely to demand European Commission approval for an increase in state aid if, as expected, the airline is forced to sell its lame-duck subsidiary Aerolineas Argentinas for a much lower price than hoped.

The state-owned carrier, which wants approval from Brussels for a Pta300bn (\$580m) state capital injection, is on the verge of selling a majority stake of Aerolineas Argentinas to Merrill Lynch, the US securities and investment house. Tense, the Spanish state-owned holding company will take a minority stake.

The sale, at a fraction of what the Spanish government hoped for, is likely to lead to increased demands from the Spanish authorities for state aid necessary to return Iberia to viability.

"The Spanish government's position has always been that a considerable part of the money for the restructuring plan would come from the sale of Aerolineas Argentinas. Now it is a whole new ball game," said an official close to the negotiations.

The demands for extra cash are likely to be resisted by Mr Neil Kinnock, the transport commissioner, who is under pressure to take a tough line with governments hoping to bail out their loss-making airlines.

However, the Commission will look favourably on the sale of Aerolineas Argentinas, since it was a huge drain on Iberia, which has debts of Pta300bn.

Since March 1, when the Commission opened its investigation into the state aid payment, Brussels has pressed the Spanish authorities to sell the loss-making subsidiary, arguing that state aid could not possibly be paid so long as Iberia was holding on to such a liability.

Iberia at first argued that Aerolineas Argentinas was a core asset and essential to the airline's global strategy.

The sale should satisfy Brussels, as Mr Kinnock had insisted that a majority of the subsidiary be sold to a private investor and not to another state-owned company. Merrill Lynch's participation as a majority buyer will satisfy officials that the sale price was "market relevant".

The Commission will now have to assess the outstanding request for state aid. For the money to be paid, the Commission will have to be convinced that the government capital injection is equivalent to an investment made by a private investor.

The latest moves are likely to lead to a delay in a final decision, now expected by the year-end.

INTERNATIONAL NEWS DIGEST

Croatian arms in ceasefire zone

Local Serb leaders from eastern Slavonia were yesterday considering a new peace proposal after Croatia raised the stakes by moving heavy weapons into a UN ceasefire zone in the disputed region, the last piece of Serb-held land in Croatia.

The latest Croatian moves came as Mr Warren Christopher, the US secretary of state, arrived at the Balkan peace talks in Dayton, Ohio, to set the seal on a new understanding between Croatia and Bosnia about sharing their fragile partnership.

Mr Thorvald Stoltenberg, the UN envoy, yesterday rushed to the Serb-held town of Erdut for talks on a deal on eastern Slavonia which is also said to have been approved at Dayton.

Serb representatives, probably with the go-ahead from Serbian President Slobodan Milosevic, this week rejected a proposal for interim transitional rule over the region. Fearing their fate under rule by Zagreb, they have insisted on a three-year period, while the Croats want a maximum one year.

Calling Croatia's incursion a "severe" violation of the UN agreement, Mr Douglas Hoffman, UN spokesman, said the army had deployed "some troops with heavy artillery" into a 10km heavy weapons exclusion zone. *Laura Silber, Belgrade, and Bruce Clark, Washington*

Veba wins telecoms licence

Veba, the German industrial conglomerate which is branching out into telecoms, yesterday became the first company to win a licence with which it can take a significant amount of business away from Deutsche Telekom, the state-owned monopolist which is due to be partially privatised next year.

The licence is a breakthrough for some of Germany's biggest companies which are trying to whittle away the monopoly on voice telephony held by Deutsche Telekom until 1998. It would let Veba link 36 television studios across Germany with a digital broad-band network. *Michael Lindemann, Bonn*

German Islam talks delayed

Mr Klaus Kinkel, Germany's foreign minister, was yesterday forced to postpone a high-level conference planned for next week which was designed to improve dialogue between western nations and the Islamic world, after the German parliament demanded that an invitation to Iran be withdrawn.

Mr Kinkel decided to cancel the conference, after the Social Democrat and Green opposition parties joined forces in the Bundestag yesterday and passed a resolution demanding that an invitation to Mr Ali Akbar Velayati, the Iranian foreign minister, be withdrawn because of comments made by the Iranian government applauding the assassination of the Israeli prime minister, Mr Yitzhak Rabin. *Michael Lindemann, Bonn*

Israel hails Arafat visit

Israel yesterday welcomed Mr Yasser Arafat's first ever visit to Israel to pay condolences to the widow of Mr Yitzhak Rabin, the assassinated prime minister, at her Tel Aviv home, as a sign of Israeli-Palestinian peace.

The visit came ahead of an opinion poll published yesterday which showed a massive 74 per cent of Israelis wanted the government to continue implementing its peace agreements with Palestinians, the highest level of support since 1993. The poll also showed that 54 per cent of those asked would vote for Mr Shimon Peres, acting premier, against 23 per cent for his rival Mr Benjamin Netanyahu, leader of the opposition right-wing Likud party. *Julian Carver, Jerusalem*

Struggle to hold it all together, Page 8

Kashmir poll date criticised

India's Election Commission yesterday rejected the central government decision to hold assembly elections in Jammu and Kashmir by mid-December, saying conditions in the insurgency-torn state were not conducive to a free and fair poll. The decision contradicts the government's stand that the situation has improved in the Kashmir valley, which, along with Jammu and Ladakh, has been under central rule since January 1990.

Indian officials in Srinagar said they were hopeful that four foreign nationals held hostage by Kashmiri militants would be released soon. *Shiraz Siddiqui, New Delhi*

Troops close in on Jaffna

Sri Lankan troops have taken advantage of a reprieve from the monsoon rains to resume pressure towards the Tamil Tiger-held city of Jaffna, officials said yesterday. After more than a week "consolidating" their position 4.5km from the northern city's outskirts, a short military dispatch said troops had "recommended their advance".

Military and government spokesmen have played down the likelihood of a swift capture of Jaffna, given the difficulties of street fighting and the certainty that the town has been mined by the Liberation Tigers of Tamil Eelam, who have held it since Indian troops left in 1990. *Mark Nicholson, Colombo*

Hopes for Russian oil deal

Total, the French oil company, has provisionally agreed to invest up to \$1bn in the development of Kharyaga oilfield in Arctic Russia. But the deal, which would rank as one of the largest investments in Russia's battered oil industry, depends on the Moscow parliament adopting a production-sharing law giving foreign companies a firmer legal footing and allowing them to repatriate profits. But foreign oil companies are doubtful parliament will pass the necessary legislation before elections on December 17.

In a separate oil deal signed yesterday, Lukoil, the giant Russian oil concern, emerged with a 32.5 per cent share in a \$1.7bn international deal to develop the Karabakh field in the Caspian Sea. The other members of the consortium include Agip of Italy and Pennzoil of the US. *John Thornhill, Moscow*

MAS in Australian flight pact

Malaysia and Australia have signed an air services agreement which will allow Malaysia Airlines (MAS) and Australian carriers nearly to double existing capacity between the two countries over the next three years.

Under the terms of the agreement signed in Kuala Lumpur, Malaysia Airlines will be given 10 additional weekly flights to various destinations in Australia. At present the Malaysian carrier has 15 flights a week to Australia. Australian carriers will be allowed 28 flights a week to Kuala Lumpur. *Kieran Cooke, Kuala Lumpur, and Nikki Tail, Sydney*

Major and Chirac blew Lubbers' chances

By Lionel Barber in Berlin and Bruce Clark in Washington

Mr Rudi Lubbers must think he is cursed. Less than 18 months ago, the former Dutch prime minister lost his bid to become president of the European Commission on the whim of Chancellor Helmut Kohl of Germany; now his hopes of becoming Nato secretary-general have foundered again, after a massive snarl-up in European and transatlantic diplomacy.

Mr John Major, the UK prime minister, and President Jacques Chirac of France have been accused, by both US and Dutch officials, of committing a breach of diplomatic etiquette by announcing support for Mr Lubbers on October 30 without consulting the US.

The Anglo-French announcement, which prompted an initially sceptical Mr Kohl to swallow his doubts, took the US by surprise and created a murky atmosphere for the "job interview" in Washington to which Mr Lubbers was summoned a few days later.

Mr Warren Christopher, the US secretary of state, and Mr Anthony Lake, the national security adviser, both concluded after talking to the Dutch politician that he was not sufficiently in tune with their thinking on Bosnia.

Mr Uffe Ellemann-Jensen, the former Danish foreign minister whose bid for the Nato job had been overshadowed by

Mr Lubbers, made a better impression when he met Mr William Perry, the US defence secretary, last Saturday.

The Anglo-French announcement of October 30 came as a rude shock to Washington because "we had thought we had several more weeks to consider the candidates," said one US official. "You must remember that neither of the declared runners was known to the US administration." US scepticism about Mr Lubbers increased last week, and Mr Christopher formally told the Netherlands of his objections during a tele-

Anglo-French announcement was a rude shock to Washington

phone conversation with his counterpart, Mr Hans van Mierlo, on Wednesday.

In many ways, the failure of the Lubbers candidacy is an uncanny repeat of the mistakes and misunderstandings which characterised last year's race to succeed Mr Jacques Delors as president of the European Commission.

Then, as now, Mr Lubbers was uncertain as to whether to put his name forward. It remains a puzzle why the Dutch government was sufficiently encouraged by Mr Lubbers' trip to Washington last

week to state after his return that the ex-prime minister was a candidate.

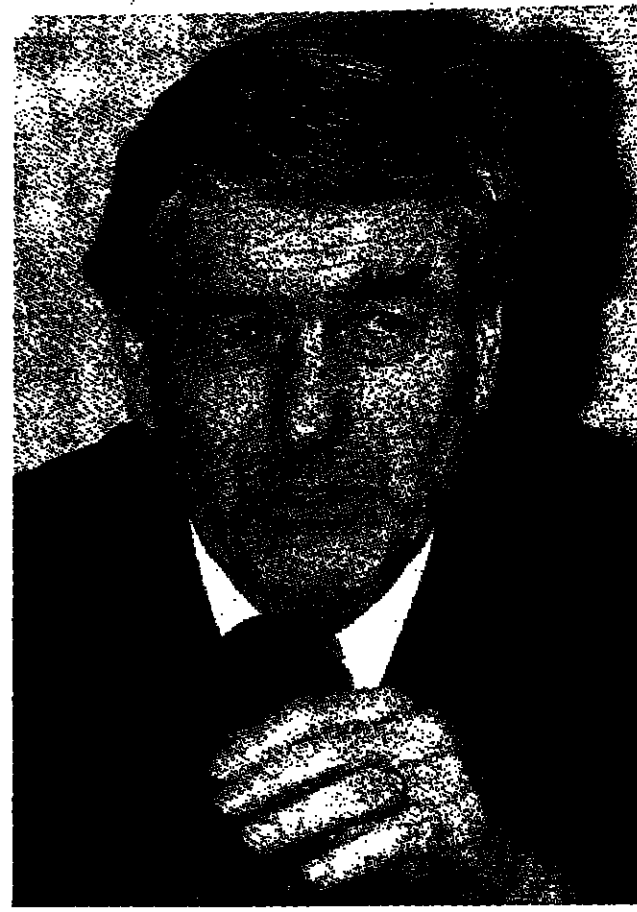
The race for the Nato job opened up after the October 16 resignation of Mr Willy Claes of Belgium, named in a domestic corruption scandal. Mr Ellemann-Jensen put his name forward within 48 hours.

Mr Lubbers, contacted by the Dutch government, counter-proposed his compatriot Mr Hans van den Broek, the European Union's external relations commissioner. But the Dutch government feared that the transfer of Mr van den Broek to Nato would reopen the struggle for a prized EU portfolio which includes relations with central and eastern Europe, and enlargement.

The fear was that central Europe would be divided between France and [the UK politician] Sir Leon Brittan, said a Dutch source. Sir Leon, the EU trade commissioner, lost out to Mr van den Broek in a previous allocation of portfolios last year.

Soon afterwards, Mr Major informed Mr Lubbers that London wanted a British candidate for the Nato job, but Mr Douglas Hurd, the former UK foreign secretary, declined to come forward. And Sir Leon had no desire to fight for another big international job, having lost his bid to become Commission president last year.

France approached Britain with the idea of a Lubbers can-



Passed over again: Lubbers was not in tune with US on Bosnia

didacy, and Mr Major, anxious to cement Anglo-French relations, said he would back Mr Lubbers "if he is going to be a candidate". Mr Chirac immediately followed suit.

Downing Street officials said Mr Major had chosen his words carefully in endorsing Mr Lubbers, but they knew of no prior consultation with Washington. Mr Lubbers, attending a conference of the Financial Times

and the Herbert Quandt Foundation in Berlin, said he was surprised the British had not consulted Washington.

Precisely 18 months ago, France and Germany made a similar diplomatic mistake in pressing the candidacy of Mr Jean-Luc Dehaene, Belgian premier, for Commission president. Then as now, Mr Lubbers is the big loser.

Editorial Comment, Page 8

Decline and fall of the high-flying Dutchman

By Ronald van de Krol in Amsterdam

It is a long time since the Dutch postwar glory days, when Mr Joseph Luns ran Nato, Mr Koos de Laan headed the Organisation for Economic Co-operation and Development, and Mr Johannes Witteveen was the managing director of the International Monetary Fund. These days the Dutch seem always to lose out in the scrum for top

international jobs.

Yesterday's surprise decision by Mr Rudi Lubbers, the former Dutch prime minister, to bow out of the race for the job of Nato secretary-general is all the more humiliating because his credentials were found wanting by the US, Nato's most powerful member.

Mr Lubbers' rejection is painfully reminiscent of his failure to win the presidency of the European Commission when another big power, Ger-

many, stood in his way. In both cases, the Dutch were left genuinely puzzled about the real reasons behind the rejection of Mr Lubbers, the most respected and talented politician of his generation.

The Christian Democrats, the party which the veteran Dutch prime minister led to three consecutive election victories, described his withdrawal as "a drama and a blow for Mr Lubbers". Nevertheless, it came as

some consolation that the Netherlands - often wrong-footed when it comes to wheeling and dealing to win international posts for its compatriots - is mostly judged to have played the diplomatic game correctly this time.

It did not put Mr Lubbers forward too early, it garnered support for him behind the scenes, and Mr Lubbers himself never spoke publicly about his ambitions for the job.

Mr Frans Weisglas, foreign affairs spokesman for the Liberal party, said the Dutch cabinet had made a "serious error of judgment" about being so openly confident on Friday of last week that Mr Lubbers was likely to be appointed.

But Fred van Staden, director of the Clingendael Institute for International Relations in The Hague, said, "I don't think that, this time, you can reasonably blame the government."

Fresh twist in case of KIO's missing \$500m

By Tom Burns in Madrid

A top adviser to Spain's King Juan Carlos has been brought into the centre of an increasingly bitter legal wrangle over the whereabouts of \$500m (\$516m). The money went missing from the Spanish businesses of the Kuwait Investment Office (KIO) at the time of Iraq's invasion of the emirate five years ago.

Mr Manuel Prado y Colón de Carvajal, a lifelong friend of the monarch who is understood to be one of the Spanish royal household's chief financial advisers, was named earlier this week as the recipient of KIO funds totalling Pta12bn (\$38m). The sum was paid by Grupo Torras (GT), the Office's holding company that he had built up in Spain, into two Swiss bank accounts that were controlled by Mr Prado.

In a written defence document served by his lawyers to the Commercial Court of London's High Court, Mr de la Rosa alleged that Mr Prado had asked for the payment "for the political lobby that obtained from top level Spanish institutions the support of Spain for Kuwait during the war for the liberation of that country".

Yesterday Mr Prado denied in radio interviews that he had received payments from the KIO but said he had received "subliminal messages via third parties suggesting I take steps

to have lawsuits [against Mr de la Rosa] in London and in Madrid removed".

The Spanish government meanwhile ordered the attorney-general to investigate domestic media claims that Mr de la Rosa had attempted, through his relationship with Mr Prado, to blackmail the king.

Mr de la Rosa severed his relationship with the KIO in 1992 shortly before GT applied for receivership citing losses of \$4bn. He is one of 56 former managers of advisers of GT and of THL, GT's London subsidiary, facing a civil action in London under the terms of an April 1993 writ that alleges conspiracy to defraud and breach of director's duties.

The defendants in the High Court action have in the past indicated that GT's missing millions were placed in slush funds to buy political support in the west for Kuwait but the allegations concerning Mr Prado appear to be the first that seek to substantiate such claims. In the event Spain only sent naval vessels to the Gulf to join the task force blockading Iraq.

Mr de la Rosa was arrested on fraud counts in Barcelona last year after the collapse of his own holding company, Grand Tibidabo, and was released on Pta1bn bail in February. Mr Prado was briefly a deputy chairman of Grand Tibidabo in 1991.

EU urged to hasten enlargement

By Quentin Peel in Berlin

Central and eastern European leaders yesterday called on the European Union to speed up membership for their countries and questioned estimates of the cost of EU enlargement.

Mr Gyula Horn, the Hungarian prime minister, said most estimates of the costs were grossly exaggerated.

He won the support of Mr Jacques Santer, president of the European Commission, who said it was absurd simply to assume that the full cost of EU policies would be extended to new member states. But he

said that reform of both agricultural policies and EU regional aid - the two most expensive items in the EU budget - was an essential precondition for enlargement.

At a conference organised by the Herbert Quandt Foundation and the Financial Times, leaders from both east and west acknowledged the explosive consequences of failing to open the EU to the new democracies to the east.

Mr Vladimir Meciar, the prime minister of Slovakia, said it was up to the European Union to reform itself in order to be the model for a pan-Euro-

pean Union. He sharply criticised the EU for "telling us how the dialogue within our states should be conducted" without applying the same yardstick to its own internal relations.

Mr Victor Penzenik, the first vice-premier of Ukraine, warned that failure to relax the trade barriers in western Europe would result in a flood of illegal exports from the east.

"If there is no appropriate reaction from the west, in due course we shall have to engage in exports in a major way, which will result in dumping. If trade barriers are not brought down, these products

will reach your markets illegally."

Mr Gheorghe Prisacaru, the Romanian state secretary for European integration, called for negotiations to begin with all 10 central and eastern European aspirants simultaneously - as soon as next year's EU inter-governmental conference has been concluded, most probably in 1997.

Mr Santer resisted pressure to offer a timetable for EU membership. He said that the Union must introduce institutional reforms through the IGC, and policy reforms to reduce its overall costs.

Sahlin quits government and ends succession bid

By Hugh Carnegie in Stockholm

Ms Mona Sahlin, Sweden's embattled deputy prime minister, yesterday dropped her bid to succeed Mr Ingvar Carlsson as premier and resigned from the government, leaving the ruling Social Democratic party without a declared candidate to take over when Mr Carlsson retires early next year.

"I am not a candidate and I am leaving the government," Ms Sahlin told a press conference with Mr Carlsson by her side.

They both made clear they believed the affair that drove her to quit - revelations that she had used government credit cards for private purchases and had been slow to

repay her debts - had been overblown by the media.

"I think many people in other countries find it hard to understand," said Ms Sahlin. But she added her withdrawal was now necessary both for the good of her young family and for the party.

It remained unclear last night who might step forward to fill the awkward vacuum left by her departure. Ms Sahlin had been carefully groomed in recent years as a popular young successor who could reinvigorate a party suffering from internal tensions over economic policy and Sweden's membership of the European Union. Mr Carlsson made clear yesterday he had no intention of delaying his decision to step down at a party congress in

March.

The two figures seen as the best-placed alternatives to Ms Sahlin, Mr Jan Nygren, the minister for government co-ordination, and Mr Göran Persson, the finance minister, have both this week reiterated in strong terms their refusal to stand. One or other may yet be persuaded to change his mind.

Ms Sahlin bowed out in her customary down-to-earth style, strongly denying she was a habitual debt dodger. Referring to complaints that she had on occasion used her official credit cards to hire cars, she said: "People ask why I didn't use an official car or a taxi. The answer is simple. I like the freedom. I can put on a Bruce Springsteen tape and light up a cigarette and do what I like."

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Tokyo to tighten checks on banks

By William Dawkins in Tokyo

The Japanese government yesterday launched plans for stricter supervision of banks' overseas units, in an attempt to reinforce its financial system's weakened international credibility.

Mr Masayoshi Takemura, the finance minister, announced the formation of a panel of top bureaucrats, to start work next week and recommend changes within the next month.

At the same time, the ministry asked the top 21 banks for the first time to make full disclosure, next Tuesday, of their bad debts, including rescheduled loans.

This will be revealed next week as a single figure for the industry, rather than by bank. The ministry's most recent - often revised - estimate puts the banking system's bad debts at ¥40,000bn (£246bn) by the end of March.

Most analysts believe the real level is about double that figure, which only includes loans on which interest payments are more than six months late, not loans on which interest or payment periods have had to be changed.

Neither does it include bad debts piled up in bank affiliates.

Both moves are a response to the international fallout from the delay in disclosing a \$1.1bn (£696m) bond trading loss at Daiwa Bank's New York office. It led to the expansion of Daiwa from the US and further pushed up all Japanese banks' cost of borrowing international markets.

"The message is that our traditional style of supervision is not appropriate. We must change," said a ministry official.

Mr Takemura blamed the cozy relationship between banks and the finance ministry for the delay in informing the US authorities and called for an "arm's length" relationship between the ministry and financial institutions.

"Banks should stop being sensitive to the ministry's moods and stand on their own feet," he said. "The ministry should refrain from making unnecessary interventions."

That would mark a radical departure from previous practice, whereby supervision was a matter of informal guidance, in line with Japan's traditionally close ties between the bureaucracy, industry and politics.

The panel, to be headed by the ministry bureaucrats in charge of international finance, banking, inspection and a deputy minister, will focus on beefing up supervision of overseas branches.

It will consider requiring regular audits of foreign subsidiaries, carried out by independent auditors, to replace the current system of informal joint ministry and bank inspections.

Any foreign subsidiary - more than 50 per cent Japanese-owned - would be required to report. At present, there is no such requirement in Japanese banking law.

At the same time, the ministry will consider increasing its team of 400 bank inspectors, a small fraction of the 8,000 banking policemen in the US. They will require a standard list of written evidence from banks being checked, in place of the present "consultations".

Officials emphasised that increasing the size of the bank inspectorate alone would be insufficient to regain credibility. The panel would concentrate on shifting to a method of supervision more in line with the expectations of international markets and less in line with Japanese tradition.

Japan yesterday acquired a new financial worry, with the announcement that Mr Yasuo Matsuoka, 69-year-old governor of the central bank, is in hospital recovering from surgery.

Mr Matsuoka was admitted to hospital on Sunday, for the removal of a prostate gland tumour. He was in good condition after surgery on Wednesday and is expected to return to work in three to four weeks, said officials. A regular health check in June showed the early stages of prostate cancer.

Victim of Lagos' brutal indifference to critics

The execution of Ken Saro-Wiwa for inciting the murder of four rival Ogoni politicians last year brings his brief controversial career as a minority rights activist to a tragic end.

It was his misfortune that Nigeria's increasingly isolated military regime chose the issue of his trial to show that it was indifferent to international criticism of its human rights record.

Ken Saro-Wiwa was born in 1941 in Bori, Ogoniland, now in Rivers State, Nigeria. He was better known as an author and playwright until 1990, when the Ogoni People, known as Mosop, was formed. As Mosop's head of publicity, Saro-Wiwa masterminded the most militant campaign for minority rights in Nigeria since civil war in 1967. He also targeted Royal Dutch Shell, the oil giant, as responsible for the plight of the Ogoni.

Mosop was founded by traditional chiefs and civil servants with moderate political views who advocated dialogue with central government to get a better deal for the half million people in Ogoniland. The Ogoni live in a densely populated area where oil was produced by Shell from the early 1960s until it stopped operations in 1993.

Political power in Nigeria traditionally lies in the north, while the commercial centre is in Lagos in the west. Like the other minority tribes in the delta, the Ogoni felt disenfranchised and deprived of their fair share of the oil revenue from the area, which accounts for 80 per cent of government income and 90 per cent of exports. Despite this wealth, the oil-producing areas have almost no infrastructure.

Mosop published an Ogoni Bill of Rights claiming the right to self-determination as a distinct people within Nigeria, a fair share of the

oil revenue, more national representation and control over their environment. In 1992 it issued an ultimatum to Shell to provide \$100m in reparations or leave. A series of clashes led to the withdrawal of Shell in January 1993.

As the tension rose, Saro-Wiwa gained influence and eventually replaced the more moderate Ogoni politicians as Mosop's leader. He strengthened control over Mosop by creating a youth wing and a women's association, both loyal to him.

Although he insisted that it was a peaceful movement, he organised a boycott of the 1993 presidential election and threatened secession. A threat to the oil revenue was a threat to the existence of the federal government and this put him on a collision course with an increasingly repressive military regime.

This brought a brutal backlash from government security forces, with several attacks on villages

beginning in August 1993, leading to the deaths of hundreds of Ogonis.

The government blamed these on border clashes with neighbouring tribes. Saro-Wiwa said these were the work of the armed forces. Foreign observers said that only a military operation could have caused such damage, most of which has yet to be repaired.

Saro-Wiwa's hard line approach to the military government and oil companies caused bitter divisions with the more moderate, traditional rulers in Ogoniland.

The traditional rulers in Ogoni argued for dialogue. They were branded "vultures" by the increasingly violent youth wing of Mosop and accused of selling out to the oil companies.

Last May it ended in tragedy. While Saro-Wiwa was campaigning for election as a delegate in the constitutional conference, a mob of Ogoni youths savagely murdered

four of these traditional leaders who had spoken out for moderation.

A civil disturbances tribunal on Tuesday found Saro-Wiwa guilty of inciting the murders. An independent British barrister observing the trial earlier this year concluded that it was biased in favour of the prosecution, even before it was convened, as the military administrator of Rivers state had already declared Saro-Wiwa's guilt. The trial has been criticised as unjust by human rights groups, and many world leaders and increases the likelihood of punitive sanctions against Nigeria.

Whatever the truth about those murders, Saro-Wiwa has played a crucial role in Nigerian politics. His demands for a fairer share of the oil revenue and for greater protection of the environment are now recognised as legitimate by the oil companies and even by an amendment due to be made in the Nigerian constitution whereby 13 per cent of oil reve-

nue (increased from 3 per cent) will be invested directly in the area which produced it.

However, Mosop has now been virtually dismantled as an organisation. Its offices in Port Harcourt have been raided by security forces, closed and the files used to apprehend more of their members. The rest are in hiding. Like Mosop, the Ogonis have gone full circle. From being a neglected minority, they set the trend in demanding their rights. Yet the militant stand of Mosop has been its undoing.

But the government's backlash may have cost the Ogonis any gains Mosop has made. With the military government in repressive mood, and with Shell no longer operating there, Ogoniland may be the last area to benefit from a better deal for the Niger delta minorities.

Paul Adams

Oil: the regime's Achilles' heel?

By Paul Adams in Lagos

Nigeria produces about 2m barrels a day of oil, source of over 90 per cent of the country's exports and 80 per cent of government revenue. An oil export embargo would cripple the economy and the regime.

Nearly half of Nigeria's oil goes to the US, most of the rest is exported to Spain, France and Germany. Nearly all Nigeria's crude oil is light and sweet (low in sulphur), which is easy to refine into petrol and carries a premium to Brent crude. Most of the deposits are cheap to produce. Buyers and producers also regard Nigerian crude supply as immune to the effects of Middle East politics.

Nigerian oil is produced by six big operators in 40/60 joint ventures with the state-owned Nigerian National Petroleum Corporation.

They are: Shell (910,000 b/d), Chevron (380,000), Mobil (310,000), Agip (130,000), Elf (86,000) and Texaco (60,000).

In addition Mobil produces about 115,000 b/d of condensate, a crude stimulant to create oil which is outside Nigeria's 1.865bn b/d quota from Opec.

Forty-two per cent of the crude oil is owned and lifted by the producers. The rest belongs to the Nigerian government which exports more than 800,000 b/d of this crude. Half of this crude is lifted by companies controlled by the multinational commodities group Glencore, owned by Mr Marc Rich, or through little-known trading companies which are a front for Glencore and serve to reward the friends or clients of the military regime.

Mobil and Chevron have also started on two big gas projects with a combined cost of \$1.5bn (\$946m) which will start substantial gas exports by 1993.

The UK is the largest exporter to Nigeria, with exports worth about \$900m last year, followed by Germany, the US, France and Japan. All have big investments in Nigeria, their largest market in sub-Saharan Africa (excluding South Africa) except for France which has a dominant position

in neighbouring francophone countries.

The US, the UK and the Netherlands are the main investors in Nigeria. Of \$4bn estimated US assets in Nigeria, most is in the oil sector. US oil service contractors take a large share of the Nigerian market, along with French and Japanese groups.

The total value of Nigerian privately held assets offshore is not disclosed, if it is known at all. National accounts are not transparent: it is not possible to tell how much oil revenue is siphoned out of the country but freezing the assets of the top military and other regime members would have a damaging effect on the regime.

will only return when we are assured of the co-operation and support of all the Ogoni communities and we can economically repair or replace the damaged facilities."

In Shell's absence all the installations have been attacked, with damage estimated at \$40m (£26m).

Meanwhile, in Washington the International Finance Corporation, the private sector arm of the World Bank, announced yesterday that it would not go forward with a proposed \$300m investment in a \$3bn liquefied natural gas project in southeastern Nigeria, in which Shell is the main partner.

The decision not to send a recommendation to the IFC board for resolution by November 15 was taken just before news of Mr Saro-Wiwa's execution broke. The IFC statement said it thought the project was "sound" but it was not going ahead because Nigeria had made insufficient progress in certain critical areas of macro-economic reform.

The IFC, the private-sector arm of the World Bank, had come under increasing pressure from human rights groups to withdraw from the project in the wake of the death sentence imposed on Mr Saro-Wiwa.

Ms Andrea Durbin, a director of Friends of the Earth in Washington, said yesterday: "We applaud the IFC's decision to pull out of this deal, even if they won't admit they did it for the right reasons."



Nigerian foreign minister Tomi Ikimi gestures to reporters after leaving the Commonwealth heads of government meeting yesterday. He insisted his military government convicted Ken Saro-Wiwa for murder and not for political views. Inset: Gen Sani Abacha, Nigeria's head of state

Shell 'regrets' execution but continues Nigeria strategy

By David Lascelles in London, Jurek Martin in Washington and Paul Adams in Lagos

Shell, the largest oil company operating in Nigeria, said it received news of the execution "with deep regret", and urged all sides to show "tolerance and understanding" to avoid further loss of life.

But the execution - which Shell had publicly opposed - will not prompt any change in the company's strategy in the African state.

The company said Shell had been active in Nigeria for 50 years and had big operations there which it intended to maintain.

Last week, Mr Kor Herkströter, chairman of the Royal

Dutch Shell group, wrote a letter to Gen Sani Abacha, the Nigerian head of state requesting clemency for Mr Saro-Wiwa on humanitarian grounds.

Shell also said at the time that it believed quiet diplomacy rather than public protest would be more effective in swaying the government.

Shell had been accused by the Ogonis of collaborating with the Nigerian government to exploit the Ogoni region and interfere with human rights - a charge it vigorously denied.

Shell produces about half of Nigeria's oil in partnership with the Nigerian government and two European oil companies - Elf and Agip.

The company has been denounced by environmental-

ists for polluting the area and neglecting its corporate responsibilities to the community.

Shell stopped operating in the area in January 1993, and withdrew after clashes with the Ogonis. It denies that it supported the government's brutal tactics in Ogoniland, or the allegations that it sponsored Mr Saro-Wiwa's political opponents.

While critics, such as the Body Shop group in the UK, argue that Shell could have influenced the government over the trial, Shell maintains that it cannot intervene in the country's politics.

On a return to the abandoned areas, Mr Brian Anderson, managing director of Shell Nigeria, said last week: "We

will only return when we are assured of the co-operation and support of all the Ogoni communities and we can economically repair or replace the damaged facilities."

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Summit colleagues wrong on N-tests, says Major

By Michael Holman in Auckland

Mr John Major, the British prime minister, angrily attacked his Commonwealth colleagues yesterday for being "wrong, plain wrong" in their condemnation of French nuclear testing.

In a sharply worded statement, the UK broke with the Commonwealth convention of consensus and formally dissociated itself from the central paragraph of a Commonwealth "declaration on disarmament".

Although the US and Russia have condemned the French tests, which are passionately opposed by Australia and New Zealand, Britain has refused to follow suit.

Mr Major has described suggestions from Commonwealth

governments that his refusal was motivated by his need for allies in European internal political battles as "absurd".

The paragraph to which Mr Major angrily objected at a closed session of the summit yesterday afternoon, but which will nevertheless appear in the full communiqué to be issued when the summit ends on Monday, reads:

"Heads of government noted the widespread anger caused by the current programmes of weapons tests. The overwhelming majority of heads of government condemned this continued nuclear testing which was inconsistent with the undertaking given by the nuclear weapon states to exercise utmost restraint so as not to affect the ongoing negotiations for the conclusion of the comprehensive test ban treaty in 1996. These heads of government urged the immediate cessation of such testing."

The British statement says the paragraph "is both factually inaccurate and seriously misrepresents an important subject". The British argument in part is that, far from jeopardising the test ban treaty, the remaining tests scheduled by the French are the price of its agreement.

Without the opportunity to complete their test programme, says Britain, France would not have made the announcement last month that, together with the US and UK, it will sign the protocols to the Treaty of Rarotonga in the first half of 1996.

This will in effect end nuclear testing in the South Pacific.

Clinton poised to veto debt ceiling legislation

By Jurek Martin in Washington

President Bill Clinton was poised to wield his veto pen within the next 48 hours because of conditions Congress is attaching to legislation temporarily funding government operations and raising the \$4,900bn (\$3,100bn) debt ceiling.

Yesterday Mr Clinton said Congress was acting "deeply irresponsibly" by making default "almost inevitable" if its actions were not vetoed. The country, he said, was faced with starkly different future in the budget debate - "to unite and grow, or a more divided, winner-take-all society".

This threatens a limited shutdown of government operations on Tuesday and, much less likely, a default on US debt repayment on Wednesday. The imminent collision can be avoided only if Mr Clinton or the Republican leadership in Congress make the sort of last-minute concessions that neither side appears inclined to offer.

Mr Clinton's conviction that public opinion is moving his way in his confrontation with Congress was bolstered yesterday by a national poll that urged him by a 60-33 per cent margin, to veto the overall Republican budget. It also gave him his highest ratings in 18 months and a 53-43 lead over Senator Bob Dole, the probable Republican presidential nominee.

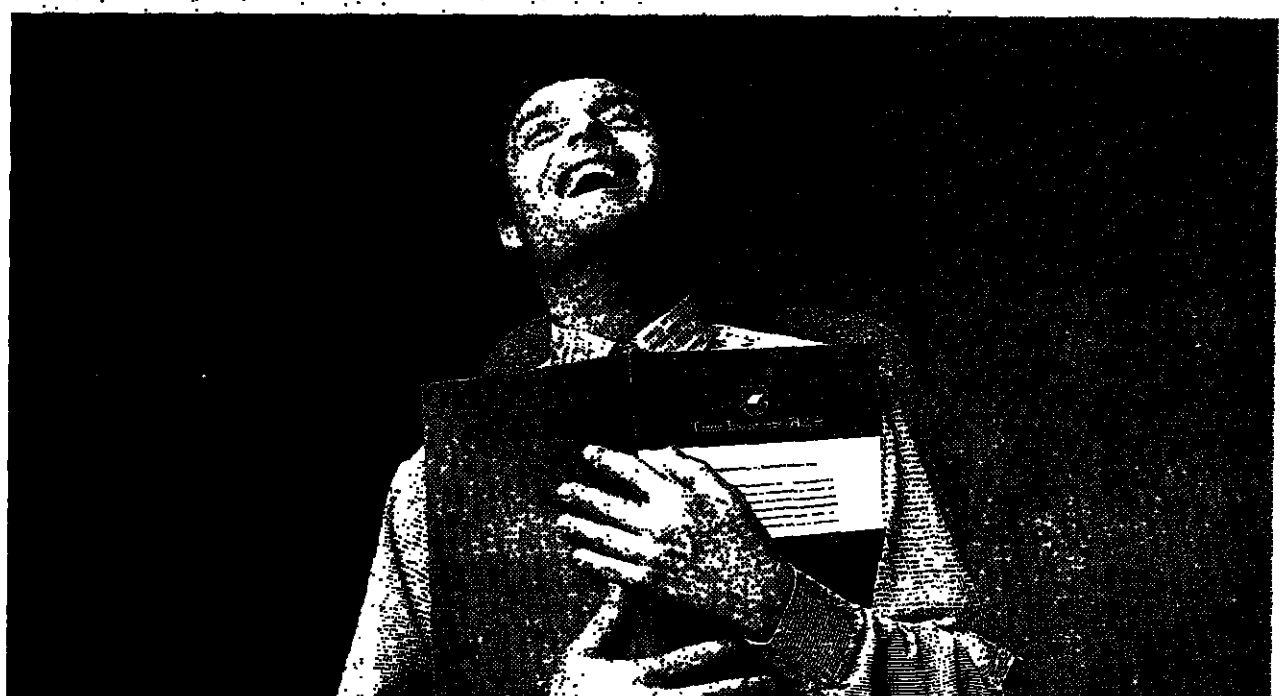
Amid a rising tide of invective, the House yesterday passed its version of the temporary debt ceiling bill which the Senate approved on Wednesday. On Thursday both chambers passed short-term funding measures, but differences between the two bills will not be resolved until Monday evening.

A budget impasse and a reduction of government operations last happened over an autumn holiday weekend in 1990 and went largely unnoticed. A modest initial impact is expected this time.

Up to 800,000 government employees would be placed on furlough, but would be paid for days off. Most federal services, including the payment of social security cheques and the postal service, would continue.

But the labour and commerce departments said they would not be issuing the regular economic statistics so closely watched by the financial markets, starting with the retail trade figures due on Tuesday.

Mr Robert Rubin, treasury secretary, is guardedly confident that the \$24.5bn debt payment due on Wednesday can be met by using cash that would otherwise have been invested in government trust funds. The congressional bills would deprive him of this authority, which is why they face a veto.



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NEWS: UK

Airline apologises over 'ethnic passport' incident

By Michael Skapinker, Aerospace Correspondent

The managing director of British Airways, Mr Robert Ayling, has written to apologise to a black British passenger whose passport was taken away for photocopying by BA staff as he was checking in at Birmingham airport in England for a flight to the US and the Caribbean.

Mr Ayling said the staff member who wrote to the passenger, Mr

Tommy Kelly, saying that it was US Federal Aviation Authority policy that all "ethnic passports" be checked was wrong. BA said it was not its policy to photocopy the passports of ethnic minority UK citizens.

Mr Kelly's complaint is a particular embarrassment to BA because Mr Ayling is chairman of Race for Opportunity, a newly-launched campaign to make companies more aware of the commercial potential of ethnic minority employees and customers.

Mr Ayling said last month: "We have great untapped resources here at home among Britain's ethnic minority communities."

BA said it did photocopy the passports of passengers from countries whose citizens might, because of circumstances at home, seek to enter another country illegally.

Bidders on rail shortlist disclosed

By Charles Batchelor, Transport Correspondent

The management teams from the first three train operating franchises to be sold have all made it through to the final shortlist while some of the large corporate bidders have been eliminated, railway managers said yesterday.

If the final shortlist is confirmed it means that two of the most high profile bidders, Mr James Sherwood's Sea Containers group, and Stagecoach, whose takeover activities have prompted the frequent intervention of the competition authorities, had been expected to shake up railway services in a similar fashion. It is bidding for all three of the first franchises.

The managers of the London, Tilbury & Southend Railway are understood to have won the bidding for their company but two sets of bidders remain for Great Western Railway and South West Trains. The "preferred bidders" for Great Western are understood to be Resurgence Railways, a new company backed by managers with railway expertise, and the management team, while the remaining bidders for South West Trains are believed to be the management and National Express, the coach operator.

Officials at the office of the franchising director, Mr Roger Salmon, whose job is to auction off the franchises, dismissed the reports as speculation and said a final decision on the preferred bidders had yet to be made.

Mr Salmon drew up an initial shortlist of four bidders for each of the three franchises and is expected to announce the winners next month. They will then be given three months to complete preparations and will take over operations in April.

Channel route competition will help customers

By Scheherazade Daneshkhu and William Lewis

Consumers are poised to benefit from greater price competition on the cross channel route, travel industry experts suggested yesterday.

On Thursday Eurotunnel, the Anglo-French operator of the Channel tunnel, announced details of its price strategy for 1996, including a number of discounted offers.

Eurotunnel's announcement marked the end of its strategy of charging customers a premium over ferry prices for travelling on Le Shuttle. Competition with ferry operators has contributed to Eurotunnel's worsening financial crisis, which led it in September to suspend interest payments on £2bn (\$12.56bn) of debt.

"Eurotunnel has moved from trying to be a metro system based on the turn-up-and-go principle to being a ferry service under the sea," said Mr Stefan Szymanski, senior lecturer at London's Imperial College Management School.

Mr Szymanski, who has acted as a consultant to Eurotunnel, said: "Eurotunnel is conceding that it is not particularly a premium service. The question is now will they go one stage further and become a bargain basement?"

Eurotunnel's price initiative has been partly driven by the extra capacity that is now becoming available in the channel tunnel, through efficiency gains and additional rolling stock. "It is now into a bums on seats situation," one analyst said. "They have all this extra capacity and need to use all their marketing skills to fill it."

Mr Chris Rees, commercial manager at Thomas Cook, the

travel agent, said there would be "massive overcapacity" in the ferry market next year, partly due to a new service, SeaFrance. It will start operating when a ferry pooling agreement between Siat, France's largest ferry company, and Stena Sealink ends on December 31. But Mr Rees hopes a price war can be averted and thinks the new P&O and Eurotunnel fares show that prices are holding up. P&O recently announced it was increasing its 1996 prices by 6 per cent.

Mr Andrew Jones, marketing manager at Going Places which yesterday started selling 99p day return trips to France on Stena Sealink said: "Competition will be very fierce" and expects cross-channel prices to come down.

P&O, the ferry operator, said that Eurotunnel's price announcement represented "an opening gambit in what is likely to prove a highly competitive market in 1996".

P&O said that "everyone seems to be using the same strategy now". The ferry companies operate complex tariffs which attempt to discriminate on price between different types of passengers.

Airline prices could also be affected, with air traffic between London and Paris having fallen 16 per cent in the first seven months of this year compared with last year.

The Brussels-based Association of European Airlines, the trade association for the larger scheduled airlines, said: "Air traffic within Europe grew by 7 per cent over that period so something out of the ordinary has happened and that is the Channel tunnel."

There will be further pressure on the airlines once an international station opens at Ashford in Kent on January 8.

President Clinton's visit to province may represent 'last hope' for progress

By John Kampfner and John Murray Brown in Dublin and George Parker in London

Fears were growing in Dublin last night that minor republican groups might use the stalemate in the peace process as a pretext to take up arms again, following the interception by Irish police yesterday of about 500kg of home-made explosives destined for Northern Ireland.

The police detained three men, one believed to be a senior member of a militant offshoot of the Irish Republican Army.

The cache was by far the biggest found since the declaration of the paramilitary ceasefires 14 months ago.

Sir Patrick Mayhew, Northern Ireland secretary in the British government, said the snoop on a van in the border town of Carrickmacross, County Monaghan, carried out in co-operation with the Northern Ireland police, demonstrated the need for vigilance.

He said it "vindicates our approach of a positive, flexible yet measured security response to the ceasefires".

The search for more suspects was continuing last night on both sides of the border. A further 315kg of bomb-making materials was found in a nearby shed.

Senior Irish officials expressed alarm at the prospect of a "hammering" of Sinn Féin, the political wing of the IRA, into bankruptcy by the British government.

They said Sir Patrick's response to the discovery of the explosives would make it even more difficult to find a



Members of the Irish army's bomb squad examine detonators found with bomb-making material including bags of fertiliser taken from the van pictured here. The vehicle was found near the border between Northern Ireland and the republic.

compromise between what they called the entrenched positions of the UK government and Sinn Féin over the decommissioning of paramilitary weapons.

"The more things stall, the more the psychopaths in the extreme of the republican movement will be able to exploit the situation," said one member of the Irish parliament whose constituency is close to the border. "What has surprised me is that they've been silent for so long."

The raid comes at a critical time, with talks between the British government and Sinn Féin near collapse.

Mr Martin McGuinness, Sinn Féin's chief negotiator, said the visit of President Bill Clinton at the end of the month represented "almost the last hope" for progress.

Mr McGuinness said during

a visit to London that Mr John Major, the prime minister, had a "fixation" with securing a republican surrender. "I think the prime minister is presiding over the death of the peace process," he said.

One Dublin official said: "There's a sense of despondency. For the moment, there's little more we can do." He said the British approach was based on isolating the Sinn Féin leadership. But in so doing, he added, UK ministers ran the risk of humiliating them and causing less flexible members to cast their lot with extremist elements.

Mr Gary McMichael of the fringe Protestant Ulster Democratic party challenged Sinn Féin's leaders to condemn the incident.

"If they choose to remain silent on this development, they will be sending a very

Republican splinter groups

● Provisional Sinn Féin: Usually called simply Sinn Féin, the biggest nationalist party in Northern Ireland. It splintered from Official Sinn Féin in 1970, at the same time as the present Provisional IRA split from the Official IRA. The Official IRA declared a ceasefire in 1972.

● Republican Sinn Féin: Hardline group which split from Provisional Sinn Féin in 1986. Rhetorically called for arms which have been used since the ceasefire to be "made available to those who will continue to use them for the purpose of which they were procured".

● Irish Republican Socialist Party: Formed in 1974 as a breakaway group from Official Sinn Féin, and considered to be to the left of the Provisionals. Registered in the Irish Republic as a political party, although paramilitary activity continued through its military wing, the Irish National Liberation Army.

● Irish National Liberation Army: Initially gained members from former Official IRA men angered by the 1972 ceasefire. Declared legal in 1979, it has been responsible for many violent attacks in Northern Ireland, the British mainland and on British military targets in Europe. Claimed that it ordered its members to observe a ceasefire in July 1994 before the IRA declared it was ending military operations.

serious message to loyalists," one politician said.

Sinn Féin's first response was not to condemn the incident, underscoring the leadership's difficulties amid mounting grassroots anger at the lack of progress.

Irish government officials remain confident that their intelligence services have the ability to thwart a terrorist threat so long as it is confined to splinter groups. But the real danger, they say, will come when one or two of the more experienced former IRA terrorists offer their services to the renegades.

They say they have repeatedly told the British that by concentrating on the arms issue they risked demeaning the significance of the ceasefire.

A debate within Sinn Féin about decommissioning can easily turn into a debate about

recommissioning," one politician said.

Underlying the differences between London and Dublin is a conflicting interpretation of the motivation of Mr Gerry Adams, the Sinn Féin president, and Mr McGuinness. The Irish work from the premise that their positions must be bolstered, and that any initiative on arms should carry their approval. The British, according to the view from Dublin, are seeking a broad front between the London, Dublin and Washington governments to force Sinn Féin into giving way.

There is a concern in Dublin circles that Mr Major, given his difficulties at Westminster, may be tempted to toughen his conditions for Sinn Féin's entry into full political negotiations yet further.

UK NEWS DIGEST

KPMG demands curb on taxmen

KPMG, one of the biggest accountancy firms in Britain, called on the government to restrict the powers of the Inland Revenue in collecting back tax from multinational companies. The move came after Glaxo Wellcome failed to persuade the High Court in London to restrict the tax authority's powers. Glaxo wanted to limit the Revenue's right to go back over past transactions to see if a company had fairly allocated its taxable profit between the different countries in which it operates. The High Court ruling means that the Revenue can go back beyond 1996 to look at transactions of earlier years. The government plans to enshrine the Revenue's powers in Budget legislation even though the tax authority won the case. KPMG said a more balanced approach would be to limit the Revenue's powers to go back over transactions to just the last six years. It is understood, for example, that the Glaxo tax correspondence goes back 26 years. Mr Robert Berg, tax partner with KPMG, said: "The result means that a multinational can face a transfer pricing tax assessment for any year in the past where it has not finally agreed all its tax liabilities."

Jim Kelly, Accountancy Correspondent

Long hours 'damage families'

Britain's culture of long working hours is seriously undermining the quality of family life, says a survey which found that most working mothers feel they do not see enough of their children. A poll of 2,000 mothers doing white-collar jobs found they felt their health and family relationships were severely at risk because of the cumulative effect of balancing responsibilities at work and home. One in five of those questioned said the strain of working long hours was affecting their marriage. The findings were released ahead of a conference in London today organised by the charity Parents At Work, which campaigns to help people balance home and work. One respondent to the survey said: "I'm reluctant to put my head up in the current environment and say 'Can I do less hours?'. They might say 'Yes, a whole lot less' and I'd be out of a job."

Andrew Bolger, Employment Correspondent

State laboratory to be sold

The government is to sell the Laboratory of the Government Chemist to a consortium that includes not only management and staff but also the Royal Society of Chemistry, the main professional body in the field. Mr Ian Taylor, science and technology minister, said the consortium was chosen because it was best able to meet the privatisation objectives. These included maintaining the laboratory's "reputation for independence and impartiality and its standing as the UK's centre of excellence in chemical analysis."

Cite Cookson, Science Editor

Staff move to ex-USAF base

The Ministry of Defence is moving all of its armed forces intelligence staff to a former US Air Force listening post about 80km north of London in an effort to improve co-ordination of military intelligence. The ministry will employ about 1,000 staff at the RAF Chicksands base. Those moving include the Army Intelligence Corps and Royal Air Force staff. The move is part of a rationalisation of defence sites.

Bernard Gray, Defence Correspondent

Heroin smuggler jailed: An Air India purser who brought more than £1m (\$1.57m) worth of heroin into Britain in his "crew baggage" was jailed for eight years and recommended for deportation. Mr Raj Kaishia, who earlier gave evidence against the man who recruited him, admitted smuggling 14.28 kg of heroin into London's Heathrow Airport. His co-defendant, Mr Lawrence Kane, an Irish national living in west London, was found guilty of the same charge and will be sentenced later.

Housing decline starts to ease

By Andrew Taylor, Construction Correspondent

The tight grip of recession on the housing market appears to have eased slightly in the past few weeks, judging by the experiences of some house-builders and estate agents.

So far this represents little more than "straws in the wind". But there are good reasons for suggesting the bottom may have been reached this summer and the economic environment in which the housing market operates will be more benign next year.

First the good news: confidential sales figures from more than 30 house-builders show net reservations - agreed sales on which a deposit has been paid - have, for the past six weeks, been roughly level with those of a year ago.

This is a marked improvement on the summer when house-builders' net reservations were running at 5 per cent to 10 per cent below the same period last year.

The most recent figures, for the last week of October and first week of November, show net reservations 1 per cent

higher than in the same fortnight a year ago.

Several house-builders have reported sales increases. At Berkeley Group Mr Graham Barker, chairman, says net reservations last month were "a good percentage" higher than in the same month last year. UK construction company Proving says reservations in September and October were 21 per cent higher than a year before. Two caveats, however, must be considered.

● Builders, on average, are selling from 6 per cent more development sites than last year. Underlying sales on a site-by-site basis, therefore, are still lagging behind.

● Any improvement must also be considered against the fact that the housing market traditionally picks up in the autumn. Last year's selling season was untypically depressed after interest rate rises and concern that Budget measures would further undermine the confidence of home owners. Any increase in activity, therefore, is measured against a very low base.

Lex, Page 22

Illegal photocopying is commonest crime

Illegal photocopying is the most common crime in Britain, the Copyright Licensing Agency said yesterday, our Legal Correspondent writes.

Launching a campaign yesterday to stop routine illegal copying by businesses, the agency, which monitors copyright and collects licence fees on behalf of authors and publishers, said eight out of 10 people photocopy illegally at work.

That places copyright theft at the top of the criminal tree above speeding, failure to buy a television licence and failure to ensure a dog wears an ID tag, the association says.

Since 1993 the agency has been running a licensing system which allows authorised copying by businesses, government departments and schools and colleges in return for a fee. In 1993-94 it collected £1.5m (\$2.4m) for authors and publishers and expects to collect \$5m in the year to next March.

Over the past three years its efforts have been focused on illegal copying in schools and government departments. Prosecutions have been brought against Manchester City Council, which was allowing extensive copying of works in schools under its direct control. The council agreed a payment of \$76,000 with the Publishers' Association.

There have been fewer actions against businesses, although Morgan Stanley, the US securities house, was forced to pay \$4,000 damages after it admitted its London office had made 23 illegal copies of an International Financing Review book on warrants and options.

As a result, the agency's campaign will focus on 1,000 businesses in which it believes large-scale illegal copying is rife. Among the targets are law and accountancy firms and pharmaceutical companies.

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A statement of the procedure for claiming relief from Dutch dividend tax and for the encashment of coupons, including names of paying agents and convention countries, can be obtained from Midland at the address below.

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Hambros set to prune disparate operations

By Nicholas Denton

For a company that halved its dividend in June and promised a "fundamental" review of its operations in September, Hambros Bank is set to produce relatively cautious conclusions alongside its interim results next week.

A reorganisation of management giving greater power to younger executives is on the cards. The group will put aside its earlier rejection of job cuts. Yet no drastic steps are planned to restructure the group's disparate businesses.

Hambros, along with other UK merchant banks, lost customer deposits after the Barings collapse, but it will not go as far in withdrawing from lending. Nor is Hambros expected to

pull back from the bonds business and derivatives trading to the extent that S.G. Warburg did after its profits fell last year, before it was taken over by Swiss Bank Corporation.

And the review is not intended to address the central strategic question: should Hambros, as a merchant bank, have interests in Hambro Countrywide, the estate agency, and Hambro Insurance Services?

Hambros is already pulling out of equities, a business in which it has been weak. It has closed its Australian stockbroking operations and put its South African expansion on hold.

In general, however, the design is to prune rather than chop down problematic businesses.

Analysts believe the bank will tighten its criteria for conventional

lending to companies and reduce its loan book, as margins fall and funding costs increase.

However, lending is central to Hambros in a way it was not to other UK merchant banks. Hambros still has about £2bn in customer deposits; corporate banking provides more in operating income than bonds and derivatives combined. "Hambros is not like any other bank in the sector. It cannot wave a magic wand and say it is not in lending," said one investment banker.

Hambros will continue to make loans connected with private finance of infrastructure. These carry relatively high margins and play to Hambros' expertise in private finance demonstrated last week by its role as adviser to the government on the sale

of the three rail rolling stock companies. Similarly, any retrenchment in the bonds division is not expected to affect trading in eurobonds denominated in Australian, New Zealand and Canadian dollars.

In corporate finance, Hambros is planning to focus on transactions involving companies in the UK, where it is house adviser to about 60 listed groups, and other established markets such as South Africa and Scandinavia. Other regions, such as eastern Europe, are receiving less emphasis.

The cost-cutting measures to be announced on Wednesday offer prospect of a recovery in profits from the 26m before tax which BZW forecasts Hambros will report for the six months to September 30 - down from an already depressed £21.5m in the

corresponding period of 1994.

But the planned restructuring will not answer Hambros' sharper critics, one of whom says the bank has a few interesting niches and an illustrious name but remains a "rag-bag". Nor does Hambros have the profits record that allows Close Brothers, another quoted merchant bank which vies in market value with Hambros, to carry off a similarly eclectic selection of businesses.

Hambros is less adamant than it was in rejecting the possibility of a bid. But its unusual collection of businesses is a deterrent to an approach from the continental European banks seeking to build investment banking operations in London. Their interest is more equity distribution than estate agency.

Unilever at top end of forecasts with £1.9bn

By Roderick Oram, Consumer Industries Editor

Unilever yesterday reported a 9 per cent rise in pre-tax profits for the nine months to September 30, with improvements in North America and some European foods offsetting difficulties in some developing countries and in European detergents.

Profits of £1.9bn were towards the top end of analysts' forecasts while third quarter profits - at current rates - rose 10 per cent to £785m. The balance of news was more positive than in several recent quarters when poor trading, particularly in European foods and detergents, overshadowed progress elsewhere.

Investors were also encouraged by the first signs that extensive restructuring of European foods since 1993 has begun to pay off.

Third quarter operating profits from markets outside Europe and North America slowed to only a £2m gain to £191m. Testing economic or political conditions in Nigeria, Zimbabwe, Kenya and Turkey were blamed.

Sales volumes in Asia and Latin America continued to grow at double digit rates. China was one of the best

performers with sales set to double this year.

North America also continued its recovery, turning in nine month operating profits of £352m (£265m). Detergents showed strong volume growth after deep difficulties in 1993, while personal products were well ahead boosted, for example, by the successful launch of CK One, a unisex scent from Calvin Klein.

European detergent profits were lower on sales "close to last year". The previous period was hit by a write-off of £10m, analysts estimate, on Persil and Omo Power, the flawed new technology products.

Unilever had recovered detergent market shares in many markets affected by the failed Power range but the UK was still behind. Moreover, advertising expenditure rose sharply as the company tried to rebuild its market position.

Analysts expect Unilever's overall recovery in 1995 to remain slow and expensive. Group turnover was up 6 per cent at £23.3bn. Unilever plc declared an interim dividend of 8 pence at 7.05p while earnings were up 6 per cent at 58.5p.

Unilever NV declared an unchanged dividend of £1.145 because of a complex equalisation formula. See Lex

Dale gives details of £1.2bn offer for Littlewoods

By Neil Buckley and Ian Hamilton Fazzey

Mr Barry Dale, the former Littlewoods chief executive attempting to launch a £1.2bn takeover bid for the family-owned retail and football pools group, has written to all 32 family shareholders with details of his proposed offer.

The two-page letter circulated this week is understood to emphasise that Mr Dale is making a "serious and genuine" offer. It confirms the names of 10 financial institutions which have indicated support, including venture capital groups Prudential and Legal & General, and banks including Chemical and Deutsche Bank.

Mr Dale is being advised by Dawnay Day, a small investment bank. The consortium refused to comment on the letter.

However, it is thought also to highlight the difference in value attached to the company's shares by the internal and external markets.

Some shareholders who sold to other family members last November received 509p a share. Mr Dale points out that his preliminary approach values each share about 70 per cent higher.

The letter warns that if shareholders approve a resolution to be put to an extraordinary meeting on December 7 - that the company should "not provide any information" to Mr Dale's consortium - this would preclude consideration of other offers.

Mr Leonard van Geest, Littlewoods' chairman, has told shareholders his board would regard approval of the resolution as a signal that shareholders did not wish it to proceed with any other similar proposals.

The letter aims to remind members of the extended Moores family who might want to realise their assets that they would almost certainly get a better price from outside bidders.

Littlewoods' shareholders' forum will discuss the situation privately a week before the EGM.

The forum, planned before Mr Dale's approach, will discuss shareholders' options, and consider an independent consultant's report.

Even if a long-term desire emerges to float or sell, Littlewoods is engaged in a £100m improvement programme, so one option might be waiting for this to bear fruit and force up values.

Sir Colin: still flying high at 62

Stefan Wagstyl on the decision by BA's chairman to go non-exec

Any thoughts that the decision by Sir Colin Marshall, British Airways chairman and chief executive, to assume a non-executive role might be a prelude to an early retirement will have been roundly dispelled this week.

On Monday he was busy announcing BA's interim results; on Tuesday came news of his appointment as non-executive chairman of Incheape, the international trading group; on Wednesday Sir Colin was at the Heathrow Airport public inquiry warning that the planned controversial new Terminal Five was necessary to prevent congestion. Thursday saw him back at the inquiry for cross-examination.

Yesterday, he was off to Scotland to address an institute of Directors meeting. Tomorrow and Monday, he plans to attend the annual conference of the Confederation of British Industry, where he is due to take over as president next year.

Sir Colin, who will be 62 next week, says that he is reducing his role at BA to give himself time to pursue a wider range of interests. "Age-wise, it seems about right."

From BA's point of view, the timing, on January 1, is also right, he says. He has been preparing "for some time" to hand

over to his successor as chief executive, Mr Robert Ayling, group managing director. The airline, which this week announced a 23 per cent increase in half-year pre-tax profits to £490m, is "running relatively well".

After 13 years as chief executive, Sir Colin believes that he is ready for change, although he still plans to devote half his time to BA.

At the top of his agenda is the future of BA's 24.6 per cent stake in USAir, the American carrier which recently entered into talks with both American Airlines and United Airlines. He says BA would like to continue its links with the American company - either alone or jointly with other US carriers. However, if necessary BA would sell the stake. "I certainly have no pride of ownership in this thing."

Sir Colin also intends to remain the public face of BA, in the knowledge that in his early stages as chief executive, Mr Ayling may not have much time for representational work.

Nevertheless, he plans to spend up to two days a week at Incheape, the world's largest distributor of Japanese cars. The company is in the throes of a £100m restructuring. Sir Colin spent much of his pre-BA career in the car market, working first at Hertz, the car hire



Sir Colin: intends to remain the public face of BA

company, and later at its rival Avis, where he rose to co-chairman. As deputy chairman of Sears, the retail group between 1981 and 1983, Sir Colin was involved in motor distribution.

Also, as he says, "Incheape is an international business and I am an internationalist."

Sir Colin has a clear view of his role as a non-executive chairman. It is, he says, "to provide leadership to the board" and to "look after the shareholders' interests". Acknowledging that some non-executive directors have been accused of being too passive,

he says he will encourage non-executives to speak up and express their views.

He is looking forward to being CBI president in the run-up to the general election. He believes that the CBI should examine the likely effects of the contending parties' policies. But decisions on which party to support must remain with individual CBI members and companies.

Both Mr Tony Blair, the Labour leader, and Mr Michael Heseltine, the deputy prime minister, are addressing the CBI conference on Monday.

Unilever Third Quarter Results 1995

THIRD QUARTER

Sales in the third quarter, expressed at constant rates of exchange, rose by 6% to £8,157 million and operating profit improved by 9% to £832 million. Higher interest and tax costs restricted the improvement in net profit to 4%.

At exchange rates current for each period, net profit was 8% higher in sterling and 10% higher in US dollars, but was unchanged in guilders.

In Europe, most food categories delivered profit increases, assisted by cost reductions. Ice cream profits rose in Northern Europe but were unchanged elsewhere. Detergents recorded lower profits on sales close to last year. Results in speciality chemicals remained firm.

In North America our business performed well, with strong volume growth in detergents and most of our foods operations. There was a significant profit increase in personal products.

Outside Europe and North America sales continued to grow. Overall profit growth slowed due to difficult economic conditions in some countries. Good performances in Latin America and South East Asia were sustained.

RESULTS			Third Quarter		Nine Months		
	1995	1994	Increase	£ millions (unaudited)	1995	1994	Increase
At constant (1994 annual average) exchange rates							
	8,157	7,666	6%	Turnover	23,269	21,919	6%
	832	767	9%	Operating profit	2,053	1,895	8%
	768	719	7%	Profit before taxation	1,878	1,780	6%
(276)	(250)			Taxation	(657)	(599)	
(20)	(16)			Minority interests	(46)	(40)	
472	453	4%		Net profit	1,175	1,141	3%
At each period's average exchange rates							
	785	712	10%	Profit before taxation	1,900	1,748	9%
	485	419	8%	Net profit	1,198	1,123	6%
				Combined earnings per share	68.96p	60.22p	6%
26.09p	24.09p	8%					
per £1 of Ordinary Capital							

Nine Months
Net profit for the first nine months, expressed at constant rates of exchange, increased by 3%. At exchange rates current for each period, net profit increased by 6% in sterling and by 11% in US dollars, but fell by 3% in guilders.

Net Debt and Gearing
Net debt, at closing rates of exchange, stood at £2,219 million at the end of the third quarter compared to £2,001 million at the same time last year. The increase is mainly accounted for by funding of acquisitions. Net gearing, at 36%, was unchanged from last year.

NOTES

Acquisitions and Discontinued Operations
In the first nine months of 1995 the effect on turnover and operating profit of acquisitions made in the period was £383 million and £27 million respectively. There were no discontinued operations in the first nine months of 1995 or 1994.

Accounting for Employee Share Ownership Trusts
With effect from second quarter 1995, Unilever has adopted the United Kingdom UITF Abstract 13 (Accounting for ESOP Trusts). Comparative figures have been restated. As a result:

(i) the assets and liabilities of certain Trusts in the UK and Ireland, which purchase and hold PLC shares to satisfy options granted, are now consolidated. Under the UITF the book value of shares held by the Trusts should be recorded separately as assets. Dutch law however does not permit own shares to be recorded as assets. In complying with Dutch law therefore the shares are recorded as a deduction from capital and reserves.

(ii) the costs of the Trusts, previously charged to the Group and recorded as staff costs within operating profit, are now categorised in the profit and loss account as if incurred by the Group. Financing costs of the Trusts of £7 million for the first nine months (1994: £5 million) are therefore included in net interest. There is no overall impact on net profit.

INTERIM DIVIDENDS
PLC per 5p of Ordinary Capital - 7.05p (1994: 6.51p) N.V. per FL4 of Ordinary Capital - FL1.48 (1994: FL1.48).

The PLC interim dividend will be paid on Wednesday 20 December 1995, to shareholders registered on Tuesday 20 November 1995. The N.V. interim dividend will be payable as from 20 December 1995.

For the purpose of equalising PLC's and N.V.'s dividends under the Equalisation Agreement, the Advance Corporation Tax ("ACT") in respect of any dividend paid by PLC to be treated as part of the dividend. PLC's 1995 interim dividend now announced has been calculated by reference to the current rate of ACT (twenty-eighths); if the effective rate applicable to payment of the dividend is different, the amount will be adjusted accordingly and a further announcement made.

With regard to the interim dividend for the year 1996, it should be noted that the Ordinary shares of PLC and N.V. will be made ex-dividend on the London and Amsterdam Stock Exchanges respectively, on Monday 18 November 1996.

The provisional results for the fourth quarter and for the year 1995, and the proposed final dividends in respect of 1995, will be published on Tuesday 20 February 1996.

For copies of Unilever results statements telephone Freephone 0800 181 891 or write to: Unilever Corporate Relations, PO Box 68, Unilever House, London EC4P 4BQ, or PO Box 760, 3000 DK Rotterdam. For information about Unilever, access Internet address: <http://www.unilever.com/corporate/>

New TV group created via Sunset + Vine

By David Blackwell

Sunset + Vine, the television production group, yesterday announced a £16m reverse takeover by the Molinare Group, a privately owned television company.

Mr Barry Firmin, who has been associated with Molinare since 1990 when it was part of W.H. Smith, will be chief executive of the enlarged group.

The group, which will be renamed The Television Corporation, will have annual sales of about £25m. Mr Firmin said the business will be the only independent group to offer full production and transmission facilities in the UK.

Sunset will issue 7.15m new shares and launch a 15-for-8 rights issue underwritten by Rea Brothers, at 97p to raise £5.62m cash. The shares were suspended last month at 100p.

Yesterday the company announced pre-tax profits almost halved at £562,000 (£1.02m) struck on turnover up from £5.96m to £8.88m. A final dividend of 2.5p is proposed, making a maintained total of 4p, payable from earnings of 6.7p (12.1p) per share.

Wassall buys into Singapore listing for Asian expansion

By David Wighton

Wassall, the acquisitive UK-based conglomerate, yesterday acquired a controlling stake in a Singapore-listed company which it intends to use as the vehicle for its planned expansion in Asia.

Wassall will retain the listing of York Pacific Holdings, a manufacturer of trailer axles, allowing it to issue more shares to fund acquisitions. Mr David Roper, deputy chief executive, said: "We believe there is no shortage of undermanaged and poorly managed businesses in the region which would respond to the Wassall treatment."

The group opened an office in Singapore last year to build up export markets for its existing businesses and investigate local manufacturing joint ventures. The longer term plan was to acquire a quoted vehicle, but the York opportunity came along more quickly than expected.

Wassall is paying £17.4m for 67.8 per cent of York Pacific, valuing the company at £25.8m. York made only £1.1m before tax on turnover of £15.6m last year but Mr Roper said the deal was good value by the standards of Singapore where p/e ratios are much higher than in the UK.

He added that public companies change hands at a significant premium to reflect the value of the listing. "In this case you can virtually justify the price by the value of the underlying business and its prospects."

York Pacific will continue to be run by Mr Bob Cossins, who set it up in 1981 as the Asian arm of UK-based York Trailer Holdings. It was bought out with the backing of local institutions in 1991 and floated in 1994.

Demand for trailer axles is expanding on the back of growing trade volumes and increased containerisation. A market leader in Australia, Singapore and Malaysia, York Pacific also has a joint venture in China.

Swalec to meet Welsh Water

South Wales Electricity is to meet potential predator Welsh Water on Friday to discuss the possibility of a takeover offer, writes Peggy Hollinger.

Welsh Water said it was encouraged by Swalec's readiness to meet. But the water company was not prepared to say if it had decided to bid.

Swalec was yesterday preparing the bid for a possible hostile bid. Mr Andrew Walker, chief executive, said there were any great savings to be had from a merger.

Swalec planned to maximise shareholder value through cost cutting and diversification.

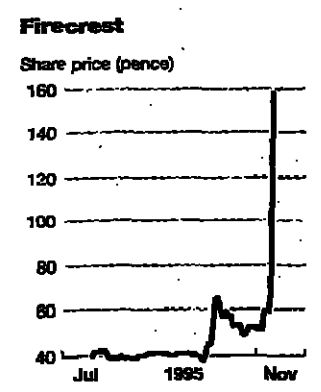
Firecrest wins rights to discount telephone service

By Christopher Price

Shares in Firecrest jumped 81p to 156p yesterday after the marketing and services group announced it had won exclusive UK rights to provide a discount telephone service on the Internet.

The deal was agreed with Camelot Corporation of the US, which markets DigiPhone, a software programme that allows Internet users to make telephone calls anywhere in the world for the cost of a local call.

Firecrest, which came to the Alternative Investment Market in July, is paying £1.3m for the DigiPhone rights which will be made through the issue of 1.8m new shares to Camelot. The US company, which is quoted on Nasdaq, will hold a 9.9 per cent stake in Firecrest. The UK group also has an option on the European distribution rights.



Source: FT Econ

second placing, made to institutional investors. The funds would be used for working capital requirements. The number of shares in public hands rose from 19 per cent to about 35 per cent after yesterday's deal.

DigiPhone was launched in the US in August. The software is supplied on a CD-Rom disc, which retails in the US for \$89. Firecrest said that it had not decided on the level of pricing in the UK.

To use the system, both callers must have a multimedia personal computer, which must be a minimum standard 386 with 4mb of memory, a compatible modem, microphone and speakers.

Mr Manning said DigiPhone allowed for both parties to speak simultaneously and the quality was of mobile telecoms standard.

Firecrest is forecasting that pre-tax profits to December 31 will be not less than £600,000, a rise of 20 per cent.

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INTERNATIONAL COMPANIES AND FINANCE

NEWS DIGEST

Gambro ahead 13% after nine months

Pre-tax profits at Gambro, the Swedish medical equipment group, rose 13 per cent to SKr946m (\$142m) in the first nine months, although the stronger krona slowed momentum. Sales were up 12 per cent at SKr7.62bn, excluding currencies and divestments, while operating earnings climbed an underlying 10 per cent to SKr1.11bn.

Gambro, which is close to a takeover of REN Corp, a US dialysis clinic chain, said its earnings should continue to develop favourably in the final quarter, subject to the impact of the krona.

It said the REN purchase would mean a SKr27m charge for higher interest costs and goodwill amortisation. Gambro has been majority-owned by Incentive, a core Wallenberg industrial arm, since last year. It has a leading global position in renal care.

Christopher Brown-Humes, Stockholm

CRT plans bank in Croatia

Cassa di Risparmio di Trieste (CRT), the Italian savings bank, plans to set up a joint venture bank in Croatia. This will be the second western-owned bank in the country. CRT will have an initial 65 per cent stake in the institution, called TS Bank, which will be capitalised at DM15m (\$10.6m). A further 15 per cent will be held by Simeit and Finest, two Italian state bodies that finance foreign investments. Croatian banks and companies will own the remaining 20 per cent. The new bank would finance the big increase in trade between Croatia and companies in the north-eastern region of Italy around Trieste.

The bank, which is expected to open in the first six months of 1996, will be based in Zagreb, Croatia's capital. The move is part of an eastward expansion by CRT, which is opening representative offices in Budapest and Prague. With most Croatian banks forced to provide cash collateral to have their letters of credit confirmed, western banks have an opportunity to break into the Croatian banking system similar to the one they enjoyed in Hungary in the early 1990s. Real interest rates in Croatia are close to 20 per cent but inflation is almost non-existent, so the country offers western banks opportunities for arbitrage profits.

The first western bank to enter Croatia was Raiffeisen Zentralbank of Austria, which set up a subsidiary in December 1994, and other western banks are expected to follow its lead. Creditanstalt, also of Austria, is setting up a representative office in Zagreb. Société Générale of France, which has a bank in neighbouring Slovenia, is also considering whether to open a bank.

Gavin Gray, Zagreb

Western Mining to lose output

Western Mining Corporation, one of Australia's largest gold miners, said yesterday that it expected to lose about 30,000 ounces of production at its St Ives gold operation while essential plant was repaired. The lost production is equivalent to about 8 per cent of the mines' 1994-95 output, and WMC's shares slipped 9 cents to A\$8.85 on the news. The plant problems occurred at the SAG mill, where a routine maintenance inspection identified cracks in the shell and welds. The repairs will be conducted in Perth and take five to six weeks.

Nicki Tait, Sydney

Sales slip at Pernod Ricard

Pernod Ricard, the French drinks group, said consolidated sales were down 0.7 per cent in the first nine months and down 5.7 per cent in the third quarter. Excluding the effects of currency changes and on a like-for-like basis, it said turnover was 3.6 per cent higher in the first nine months of 1995 and 1.4 per cent higher in the third quarter.

Reuter, Paris

Mitsubishi up as Mazda makes third straight loss

By Michio Nakamoto in Tokyo

Mitsubishi Motor has announced a 23 per cent profit increase for the first half on sales up 4.5 per cent at ¥1,280bn (\$12.6bn).

Mitsubishi's improvement came mainly as a result of its success in the domestic market where the value of all vehicle sales rose substantially.

This was largely caused by a strong rise in unit sales of mini-vehicles spurred by the popularity of Mitsubishi's Pajero Mini. Regular passenger car sales in the domestic market, however, were down nearly 20 per cent in unit terms.

Nevertheless, the company was able to raise its share of the domestic market, excluding imported cars, from

12.2 per cent to a record 13.2 per cent.

As a result of brisk sales of its recreational vehicles - and newly remodelled mass-selling cars scheduled for launch in the second half - Mitsubishi expects higher domestic sales for the full year than initially forecast. It expects a rise in full-year recurring profits to ¥550bn from ¥530bn on higher sales of ¥2,700bn against ¥2,622bn.

The spreading popularity of recreational vehicles in Japan did not help Mazda, which made a loss for the third consecutive half-term. Although it has launched a popular recreational vehicle, the Bongo Friendee, the Hiroshima-based car maker was unable to take the same advantage of interest in unconventional cars as its more successful competitors. Car sales in the

domestic market dropped more than 8 per cent and exports 29 per cent. Overall, Mazda suffered a 20 per cent decline in sales in value terms.

For the full year, the company expected to post a sales decline of 12 per cent at ¥1,490bn but still break even at both the recurring and net profits levels with the help of cost-cutting measures.

CS Holding hints at full-year fall

By Ian Rodger in Vienna

CS Holding, the financial services group built around Credit Suisse, said pre-tax profit was "markedly higher" in the first nine months of 1995, because of lower expenses and slightly higher revenues, but hinted at a lower net income for the full year.

As is customary among Swiss banks, no quarterly earnings figures were given. The group said it was confident of "good operating results" for the full year, but emphasised that the weakening Swiss economy and depressed property sector meant that provisions for bad debts would remain high.

The statement was published after the close of the Swiss stock market but CS shares closed down SFr1 at SFr116.5 on the day. The CS third-quarter statement and forecast was broadly in line with that by Union Bank of Switzerland 10 days ago.

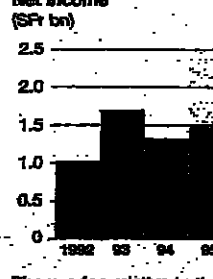
Swiss Bank Corporation said on Tuesday that it expected "substantially higher" net income this year, and by comparison with a very weak profit last year.

CS, by contrast, is working

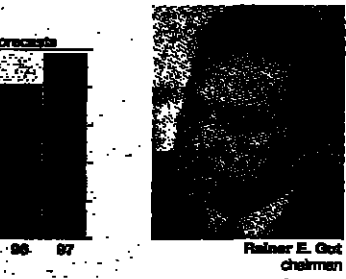
COMPANY PROFILE

CS Holdings

Net income (\$fr bn)



Source: FT Intel



Source: FT Intel

Forecasted

Reiner E. Gut, Chairman

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Technology transition hits Sega results

By Michio Nakamoto

Sega, the high-technology entertainment company, yesterday reported a 32 per cent decline in non-consolidated first-half profits in spite of a modest rise in sales. Profits fell from ¥1,600m to ¥1,110m (\$108.2m) despite sales which rose 3.6 per cent, from ¥151.1bn to ¥156.4bn.

The company blamed the profit fall mainly on the yen's appreciation and the transi-

tion to newer technology which hit US sales of existing software as consumers looked to Sega's new 32-bit machine, the Saturn.

Demand was also weak in Europe, where video games makers have been locked in a debilitating price war. The only bright spot was Japan, where the Saturn sparked a solid increase in sales.

Pressures in overseas markets, however, meant Sega suffered a 12 per cent decline in

sales in its consumer-use machines division. Commercial games machines, however, enjoyed firm demand on the strength of new games using high quality computer graphics and the spreading popularity of its karaoke machines. Exports of commercial machines were also up on strong demand for computer graphics games.

The slump in video games and software sales overseas is expected to continue to hit

Sega results in the second half.

In the US, penetration of Sega's 32-bit machines is likely to take some time as a result of the wide penetration of PCs, said Ms Naoko Ito, industry analyst at Goldman Sachs in Tokyo. She was cautious about Sega's ability to attain its full-year forecast for recurring profits of ¥290m (\$24.5bn) on sales of ¥345bn (\$29.5bn). Ms Ito said much would depend on the Christmas season.

COMPANY NEWS: UK

Boost for new issues as Vero is oversubscribed

By Christopher Price

The new issues market received a boost yesterday when Vero, a manufacturer of racks and enclosures for the electronics and telecommunications industries, announced that its offer had been oversubscribed and the shares priced at the top end of expectations. Earlier this week, Pioneer Goldfields, the Ghanaian mining group, revived fears of the fragility of the new issues market when it pulled its planned flotation.

Vero shares have been priced at 220p, valuing the company at £132.3m. This compares with the £33m management buy-out from BICC just 18 months ago, and will make millionaires of

the six directors who led the MBO; their share is worth more than £17m.

The buy-out was backed by Candover and Mercury Development Capital, the venture capitalists.

Mr Brian Gay, managing director, said he was "delighted" with the response to the issue. About £45m is being raised, with £19.4m earmarked for repaying debt. Gearing will fall to about 35 per cent after flotation.

The offer to intermediaries, representing 10 per cent of the issue, was subscribed 18 times. The remainder of the shares have been placed with institutions.

The Hampshire-based company is forecasting a 52 per

cent rise in operating profits to £12.8m, before exceptional, on turnover 22 per cent ahead at £96m.

Dealing in the shares will commence next Friday.

COMMENT

Racks and enclosures may not sound a topic to excite investors, but Vero has found itself in the enviable position of being a lynchpin in the fast-growing mobile telecoms and networking markets. As the technology has become increasingly sophisticated, the enclosures holding the valuable components have developed accordingly. Demand is also likely to be fuelled by legislative pressures from both the UK and EU. Underpinning



Brian Gay: gearing reduced to 35% following flotation

Vero's success has been its relationships with some of the telecoms industry's biggest names - including Ericsson and Nokia. The company also boasts an experienced management team. At an issue price of 220p, Vero is on a multiple of

about 17 times 1995 earnings, some 15 per cent cheaper than the current rating for Rainford, its recently floated rival, which helps to explain the market's enthusiasm for the shares. Row over intermediaries, Weekend Money, page 28

Lonrho and Gencor push on with platinum merger

By Kenneth Gooding, Mining Correspondent

Shares in Lonrho, the UK-based conglomerate, rose 7p to 165p yesterday after it announced the merger of its platinum interests with those of Gencor, the South African diversified natural resources group, is to go ahead as long as shareholders give approval. The merger will create the world's largest platinum producer in terms of ounces produced, marginally ahead of Rustenburg, part of Anglo American Corporation of South Africa's platinum interests.

Terms are as indicated in June when the merger was first mooted. Lonrho and Gencor will each have 31.78 per cent of an enlarged Impala Platinum Holdings, quoted in Johannesburg and London.

Impala's share price rose 62½p to £14.37 yesterday.

A holding company, still to be named, will be established to hold the two groups' interests in Impala. Lonrho will own 51 per cent of this holding company but some aspects of financial and operational management, such as big acquisitions, capital expenditure, funding and dividend flow, will require consent of both.

Lonrho said the deal would crystallise the value of its platinum division by establishing a listed market price - its stake was worth about £405m at yesterday's Impala price. It would replace the division's high debt - which has held back development of the platinum business - with a stake in a company with low borrowings.

It would also permit a resumption of dividend pay-

ments to Lonrho, last paid in 1991, as Impala will distribute 50 per cent of its profit after tax.

Lonrho said its earnings would be enhanced "marginally" in the early years and its net assets would not be affected. Its gearing would be reduced because it would no longer consolidate the platinum division's debt.

Analysts said the impact on Gencor would be negligible. Lonrho was swapping 72.59 per cent of a highly indebted division producing about 800,000 ounces of platinum a year for 32 per cent of a company with low debt and producing 1.8m ounces. Gencor was swapping 46.5 per cent of a company producing just over 1m ounces.

Lonrho was advised by Deutsche Morgan Grenfell and Gencor by Kleinwort Benson.

High wheat prices and hot summer hit Dalgety

By David Blackwell

Dalgety, the food ingredients and agribusiness group, said yesterday that the hot summer weather had "resulted in weak demand in UK food markets generally". In addition, high wheat prices had hit margins in ingredients and agricultural supplies, the annual meeting was told.

"However, after an anticipated difficult first half we do expect a much improved second half," Mr Maurice Warren, chairman, said. The group was encouraged by progress in the integration of Quaker's European pet food business with Spillers.

Some forecasts for the year

to June 1996 have recently been cut on the perception that it will be more difficult than previously assumed to get savings from the pet food merger.

BZW, which a week ago reduced its forecast from £146m to £140m before exceptional, reduced it again yesterday to £135m, against pre-exceptional profits last time of £127.5m. Earnings are likely to fall following the dilutive effect of the Quaker deal.

Mr Warren said that a review of Quaker had confirmed it was "an excellent acquisition for us". The European pet food market was expanding and Dalgety's "sales are now growing strongly".

Acquisition helps lift Quadramatic to £10m

By David Blackwell

A strong performance from an acquisition helped Quadramatic, the specialist engineering group, lift full-year profits by a third.

Kestrel Injection Moulders, bought last November for an initial £4.4m, contributed £1.34m to pre-tax profits of £10m (£7.5m) in the year to September 30.

Group sales rose from £37m to £46m, including £4.14m from Kestrel, which makes television speakers and hi-fi parts and numbers Toshiba and Mitsubishi among its customers.

The group was floated two years ago with the aim of

building three legs, each with operating profits of £5m. It is on the verge of making another acquisition which will bring the specialist mouldings division more into line with its instrumentation and coin handling divisions.

Specialist mouldings trebled operating profits last year to £2.47m on sales of £11.7m.

Mr Richard Williams, chief executive, said there was "significant organic growth to come" across all three divisions once the next acquisition was completed. The group would remain unpeppered.

Earnings per share emerged at 16.3p (13p). The final dividend is raised to 4.95p for a total of 8.15p (6.5p).

William Cook static at £2.4m

By Ian Hamilton Fozzy

Interim pre-tax profits at William Cook, the Sheffield-based steel castings specialist, were virtually unchanged at £2.38m, despite a 7 per cent increase in turnover from £51.9m to £55.4m.

Mr Andrew Cook, chairman, said pressure on margins continued to increase as multinational customers exploited global competitiveness among suppliers.

Margins were affected by UK labour costs being higher than in several emerging countries, where the quality of castings was constantly improving.

About a fifth of Cook's business is in defence - mainly parts for tanks. Mr Cook said research and development was increasingly absorbing resources.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Copper
turmoil may
continue

Tightness of supplies for immediate delivery bedevilled three markets this week: coffee, sugar and copper. Squeezes in the soft commodity markets have eased but some analysts expect the copper turmoil to continue into the new year.

Copper consumers' concerns were not helped yesterday when the London Metal Exchange reported that copper stocks in its warehouses had risen by only another 1,975 tonnes when traders had been expecting an increase of up to 5,000 tonnes. Traders said this indicated there was little metal immediately available in spite of the high price.

Some consumers worried their worries this week via the International Wrought Copper Council, which represents mainly fabricators in Europe and Japan. The IWCC wrote to the LME ahead of the exchange's board meeting on Wednesday and this resulted in Mr David King, the chief executive, announcing an inquiry into the present state of the LME's copper market.

But Mr King stressed that the LME board believed the market was in no way "disorderly" and the executive had no plans to intervene.

The exchange executive has draconian powers to prevent a disorderly market developing. Mr King and one or two close colleagues are kept fully in touch with situation in all LME markets via a confidential reporting system. He said the inquiry would simply enable him to get more detailed information. It would give "some more comfort" to some copper users.

Consumers have been particularly worried about the premiums being charged for immediate delivery over the three months delivery price on the LME. This premium, or backwardation, has reached \$200 a tonne in recent weeks. At the close last night it was

\$207. Copper for immediate delivery closed at \$3,027.50 a tonne, up \$35 from Thursday's close and \$78 from last week-end.

Analysts argue that the copper market is particularly prone to volatility because supply and demand have been so closely balanced for some time.

Although most analysts agree that a global surplus of copper is either already developing or will do so next year, present stocks are low and much of the copper in LME warehouses is understood to be tightly held by organisations that either have commitments to deliver physical metal or are involved in financing schemes.

Some analysts also suggest that recent volatility has been caused by US hedge and com-

modity funds selling short and having to cover their positions. Traders suggested tightness of supply was also responsible for some soft commodities' spot prices widening to a large premium over prices for deliveries next year. In the coffee market by Thursday, the November futures contract price at the London Commodity Exchange was \$800 a pound more ahead of the January futures price. That put November at \$2,558 a pound compared with \$2,385 a lb for January delivery.

The situation was similar in the sugar market with the March futures price for white sugar at the Coffee, Sugar and Cocoa Exchange at 10.58 cents a pound compared with 10.38 cents for May delivery. Meanwhile, the gold market shrugged off some of its torpor, touching a 16-week peak of \$390.20 a troy ounce at one point yesterday before closing at \$388.85, up \$3.55 on the day and \$6.25 over the week.

Deborah Hargreaves and Kenneth Gooding

WEEKLY PRICE CHANGES

	Latest	Change	Year	1995
Gold per troy oz.	\$388.85	+3.55	\$382.40	\$373.70
Silver per troy oz.	\$4.50	+0.05	\$4.45	\$4.40
Aluminium 99.7% (cash)	\$1,947.5	+10.0	\$1,937.5	\$1,927.5
Copper Grade A (cash)	\$3,027.5	+35.0	\$2,992.5	\$2,957.5
Lead (cash)	\$208.0	+5.0	\$203.0	\$198.0
Nickel (cash)	\$24.0	+0.5	\$23.5	\$23.0
Zinc 99.99% (cash)	\$1,027.0	+10.0	\$1,017.0	\$1,007.0
Thm (cash)	\$1,010.0	+10.0	\$1,000.0	\$990.0
Coffee Futures Dec	\$89.0	+0.1	\$88.9	\$88.8
Coffee Futures Nov	\$89.0	+0.1	\$88.9	\$88.8
Sugar (JOP Dec)	\$208.0	+0.1	\$207.9	\$207.8
Barley Futures Nov	\$114.5	+0.5	\$114.0	\$113.5
Wheat Futures Nov	\$114.5	+0.5	\$114.0	\$113.5
Oil (Brent Blend)	\$16.08	+0.05	\$16.03	\$15.98

For more on-line information visit: www.ft.com or call 0171 553 1234.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

ALUMINIUM, 99.7% PURITY (\$ per tonne)

Cash 1847-48 1852-53

Previous 1854-55 1859-60

High/Low 1847-48 1859-60

AM Official 1847-48 1859-60

Karb close 1847-48 1859-60

Open int. 1847-48 1859-60

Total daily turnover 1847-48 1859-60

ALUMINIUM ALLOY (\$ per tonne)

Cash 1878-80 1415-25

Previous 1880-82 1430-40

High/Low 1878-80 1415-25

AM Official 1878-80 1415-25

Karb close 1878-80 1415-25

Open int. 1878-80 1415-25

Total daily turnover 1878-80 1415-25

LEAD (\$ per tonne)

Cash 688-89 680-91

Previous 689-90 681-83

High/Low 688-89 680-91

AM Official 688-89 680-91

Karb close 688-89 680-91

Open int. 688-89 680-91

Total daily turnover 688-89 680-91

NICKEL (\$ per tonne)

Cash 9456-58 9450-52

Previous 9458-60 9440-42

High/Low 9456-58 9450-52

AM Official 9456-58 9450-52

Karb close 9456-58 9450-52

Open int. 9456-58 9450-52

Total daily turnover 9456-58 9450-52

TIN (\$ per tonne)

Cash 8405-15 8445-50

Previous 8405-15 8445-50

High/Low 8405-15 8445-50

AM Official 8405-15 8445-50

Karb close 8405-15 8445-50

Open int. 8405-15 8445-50

Total daily turnover 8405-15 8445-50

LME Official 24 hr rate 1.5765

Spot 1.5765 3 mths 1.5770 6 mths 1.5800 9 mths 1.5825

12 mths 1.5850

15 mths 1.5875 18 mths 1.5900

21 mths 1.5925 24 mths 1.5950

27 mths 1.5975 30 mths 1.6000

36 mths 1.6025 42 mths 1.6050

48 mths 1.6075 60 mths 1.6100

72 mths 1.6125 84 mths 1.6150

96 mths 1.6175 108 mths 1.6200

120 mths 1.6225 144 mths 1.6250

168 mths 1.6275 216 mths 1.6300

252 mths 1.6325 360 mths 1.6350

432 mths 1.6375 576 mths 1.6400

720 mths 1.6425 1008 mths 1.6450

1152 mths 1.6475 1728 mths 1.6500

1728 mths 1.6525 2592 mths 1.6550

2592 mths 1.6575 3888 mths 1.6600

3888 mths 1.6625 5760 mths 1.6650

5760 mths 1.6675 8640 mths 1.6700

8640 mths 1.6725 12960 mths 1.6750

12960 mths 1.6775 19440 mths 1.6800

19440 mths 1.6825 29160 mths 1.6850

29160 mths 1.6875 43740 mths 1.6900

43740 mths 1.6925 65610 mths 1.6950

65610 mths 1.6975 98415 mths 1.7000

98415 mths 1.7025 147622 mths 1.7050

147622 mths 1.7075 221433 mths 1.7100

221433 mths 1.7125 332150 mths 1.7150

332150 mths 1.7175 498225 mths 1.7200

498225 mths 1.7225 747337 mths 1.7250

747337 mths 1.7275 1121006 mths 1.7300

1121006 mths 1.7325 1681509 mths 1.7350

1681509 mths 1.7375 2522264 mths 1.7400

2522264 mths 1.7425 3783396 mths 1.7450

3783396 mths 1.7475 5675094 mths 1.7500

5675094 mths 1.7525 8512641 mths 1.7550

8512641 mths 1.7575 12768962 mths 1.7600

12768962 mths 1.7625 19153443 mths 1.7650

19153443 mths 1.7675 28730165 mths 1.7700

28730165 mths 1.7725 42885247 mths 1.7750

42885247 mths 1.7775 64327871 mths 1.7800

64327871 mths 1.7825 96187807 mths 1.7850

96187807 mths 1.7875 144281711 mths 1.7900

144281711 mths 1.7925 216422567 mths 1.7950

216422567 mths 1.7975 324633851 mths 1.8000

324633851 mths 1.8025 486950777 mths 1.8050

486950777 mths 1.8075 730426166 mths 1.8100

730426166 mths 1.8125 1095639249 mths 1.8150

1095639249 mths 1.8175 1643458874 mths 1.8200

1643458874 mths 1.8225 2465188311 mths 1.8250

2465188311 mths 1.8275 3697732467 mths 1.8300

3697732467 mths 1.8325 5546698699 mths 1.8350

5546698699 mths 1.8375 8324553035 mths 1.8400

8324553035 mths 1.8425 12486330593 mths 1.8450

12486330593 mths 1.8475 18729495889 mths 1.8500

18729495889 mths 1.8525 28094243834 mths 1.8550

28094243834 mths 1.8575 42141365751 mths 1.8600

42141365751 mths 1.8625 63212048627 mths 1.8650

63212048627 mths 1.8675 94536072941 mths 1.8700

94536072941 mths 1.8725 141804109412 mths 1.8750

141804109412 mths 1.8775 212706164118 mths 1.8800

212706164118 mths 1.8825 319059246177 mths 1.8850

319059246177 mths 1.8875 478588869266 mths 1.8900

478588869266 mths 1.8925 712883303899 mths 1.8950

712883303899 mths 1.8975 107043303899 mths 1.9000

107043303899 mths 1.9025 160564955849 mths 1.9050

160564955849 mths 1.9075 239347433774 mths 1.9100

Precious Metals continued

(\$ per troy ounce)

Gold COMEX (100 troy oz. \$/troy oz.)

Cash 388.85 389.00 389.15 389.30 389.45

Previous 388.85 389.00 389.15 389.30 389.45

High/Low 388.85 389.00 389.15 389.30 389.45

AM Official 388.85 389.00 389.15 389.30 389.45

Karb close 388.85 389.00 389.15 389.30 389.45

Open int. 388.85 389.00 389.15 389.30 389.45

Total daily turnover 388.85 389.00 389.15 389.30 389.45

PLATINUM NYMEX (50 troy oz. \$/troy oz.)

Cash 422.9 423.0 423.1 423.2 423.3

Previous 422.9 423.0 423.1 423.2 423.3

High/Low 422.9 423.0 423.1 423.2 423.3

AM Official 422.9 423.0 423.1 423.2 423.3

Karb close 422.9 423.0 423.1 423.2 423.3

Open int. 422.9 423.0 423.1 423.2 423.3

Total daily turnover 422.9 423.0 423.1 423.2 423.3

PALLADIUM NYMEX (100 troy oz. \$/troy oz.)

Cash 138.0 138.1 138.2 138.3 138.4

Previous 138.0 138.1 138.2 138.3 138.4

High/Low 138.0 138.1 138.2 138.3 138.4

AM Official 138.0 138.1 138.2 138.3 138.4

Karb close 138.0 138.1 138.2 138.3 138.4

Open int. 138.0 138.1 138.2 138.3 138.4

Total daily turnover 138.0 138.1 138.2 138.3 138.4

ENERGY

CRUDE OIL NYMEX (42,000 US gal. \$/barrel)

Cash 17.52 17.53 17.54 17.55 17.56

Previous 17.52 17.53 17.54 17.55 17.56

High/Low 17.52 17.53 17.54 17.55 17.56

AM Official 17.52 17.53 17.54 17.55 17.56

Karb close 17.52 17.53 17.54 17.55 17.56

Open int. 17.52 17.53 17.54 17.55 17.56

Total daily turnover 17.52 17.53 17.54 17.55 17.56

COAL NYMEX (100 troy oz. \$/troy oz.)

Cash 108.5 108.6 108.7 108.8 108.9

Previous 108.5 108.6 108.7 108.8 108.9

High/Low 108.5 108.6 108.7 108.8 108.9

AM Official 108.5 108.6 108.7 108.8 108.9

Karb close 108.5 108.6 108.7 108.8 108.9

Open int. 108.5 108.6 108.7 108.8 108.9

Total daily turnover 108.5 108.6 108.7 108.8 108.9

COAL NYMEX (100 troy oz. \$/troy oz.)

Cash 108.5 108.6 108.7 108.8 108.9

Previous 108.5 108.6 108.7 108.8 108.9

COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday November 11 1995

Hoping for a hat-trick

Mr Kenneth Clarke is no fool. He knows as well as anyone that the underlying theme of UK economic policy over the next 18 months has been decided for him. To try to win the next election, the Conservatives will cut and run. The chancellor is merely allowed to decide what to cut – and by how much.

As far as most Tory MPs are concerned, taxes should be first for the chop – cut early, they beg, and cut often. But Mr Clarke is loath to squander his reputation for fiscal prudence so easily. Although he has made little effort to disguise expectations of tax cuts in the upcoming Budget, he does seem determined to be able to unveil similar-sized cuts in public spending at the same time.

If history is a guide, the spending side of this package will fall by the wayside as the election approaches. But the Budget will at least give forecasters a rough gauge of the fiscal side of the government's election strategy.

Unfortunately for Mr Clarke, the same cannot be said of monetary policy, which will be rather more dependent on the vagaries of both the economy and financial market expectations. Having cowed the governor of the Bank of England into retracting his request for an increase in interest rates, Mr Clarke must now be pondering the possibility of pulling off a hat-trick, adding lower interest rates to the crowd-pleasing brew of tax and expenditure cuts.

Lowering base rates, now at 6% per cent, quite soon after the Budget could be justified by three considerations. First, and most obvious, is the fact that it would take roughly 18 months for the full effects of any loosening of policy to filter through to the economy. In other words, if Mr Clarke wants to use monetary policy to inject an added feel-good factor into the hearts and minds of voters by April 1997 (the latest date an election can be held), he needs to act soon.

Best hope

The second, equally political motive to cut rates is that it may offer Mr Clarke his best hope of raising the government's standing among embittered homeowners. Indeed, this may be his only hope, if, as expected, the Treasury manages to keep the Budget free of the many measures to support the housing market being touted by backbench MPs.

Mr Clarke may be fortunate enough to have a third, more respectable, reason to lower interest rates – that a cut is needed to minimise the chances of any prolonged slowdown in the economy.

As the Bank of England admitted in its latest Inflation Report, published on Wednesday, the "blip" in the UK recovery which occurred during the first half of the year has developed into something more significant, although no-one quite knows what as yet.

Quarterly growth in gross domestic product so far this year has been less than in each quarter of 1994. The preliminary estimate for the third quarter of 1995 indicated that real GDP – excluding the oil and gas sector – grew 2.4 per cent in the year to September, which is very close to the economy's long-term trend. However, the weak state of retail sales in recent months suggests that much of the additional output was left on the shelf. Total final expenditure grew only 0.2 per cent between the first and second quarters, which was one third as fast as GDP.

Timely excuse

In the short term, producers are likely to cut production in order to run down this high level of stocks. As the Bank admitted, this suggests that the GDP figures for the fourth quarter will be even more disappointing than those for the third. That would give Mr Clarke a timely excuse to cut rates early in the New Year, although weak retail sales and export data may embolden Mr Clarke to act rather earlier.

Attractive though it may be as a well-timed pre-election gambit, the idea of a speedy reduction in interest rates has one important flaw: it may well prove to be an over-reaction to recent developments, quite possibly an inflationary one. The bulk of the evidence – not least the example of the US, which experienced a similar slowdown earlier in the year but has since recovered somewhat – suggests that the economy is not stalling, but merely pausing.

With investment in manufacturing at last increasing markedly over the first two quarters, the slowdown may have given the UK a better chance of enjoying a fifth and sixth year of recovery, without the inflation that usually goes with them. There might be a case for lower interest rates – but it would be better for Mr Clarke to wait, to make sure.

Cutting too early would carry a political penalty, as well as an economic one. The chancellor might find himself under heavy pressure to raise rates just as homeowners are doing their final pre-election sums. History suggests, however, that Mr Clarke will take the risk of cutting soon if there is even a chance that the costs will be felt after the election.

The seven days since the assassination of Mr Yitzhak Rabin have exposed the challenges that face Mr Shimon Peres, Israel's acting prime minister. Mr Rabin's death has unexpectedly thrust him into the leadership of the peace process which he has done so much to advance. But it has also left a large security and political vacuum that will be difficult to fill.

These challenges are formidable. The Israeli leader must assert his authority over his Labour party, the parliament and the country. He must shore up the fragile coalition he inherited from Mr Rabin, which leaves the Labour-led government with a narrow majority on crucial votes on the peace process. And he must overcome Arab hostility to normalising relations with Israel to conclude a comprehensive regional peace agreement.

Inside Israel, Mr Peres's short-term prospects look favourable. Mr Rabin's assassination by a right-wing extremist Jew has galvanised the nation and temporarily undermined rightwing opposition to peace. The nation, still in profound shock and grief, has rallied to Mr Peres and the peace process.

In the first opinion poll since Mr Rabin's death, published yesterday, 74 per cent of Israelis said they wanted the government to continue implementing its peace agreements with Palestinians – the highest level of domestic support since 1993.

Mr Peres is also much more popular than Mr Benjamin Netanyahu, leader of the rightwing opposition Likud party, achieving a 54 per cent rating against his rival's 23 per cent. Before Mr Rabin's murder, the country was evenly divided over the peace process, and Mr Rabin and Mr Netanyahu tied with 42 per cent each.

"Our support has grown and the public mood has changed, and this makes it easier for us to take further steps towards peace without being afraid whether they can be swallowed by the public," says Mr Yossi Beilin, the economics minister who is likely to be promoted and become increasingly influential in the government.

Israel pressed ahead this week with the present peace accord with Palestinians, which involves Israeli troop redeployment from West Bank towns before the Palestinian elections on January 20. But Mr Beilin and other dovish coalition leaders want Mr Peres to abandon the slow timetable of the Oslo peace accords and open negotiations on a final settlement with Palestinians. This would address questions such as Palestinian statehood, final borders, the future status of Jerusalem,

Shimon Peres, the acting Israeli leader, faces formidable challenges in keeping the peace process going, writes Julian O'Zanne

Struggle to hold it all together



Jewish settlements and the right of return of Palestinian refugees.

However, Mr Peres knows he cannot afford to neglect public opinion, which has been polarised over Mr Rabin's peace policy. The acting prime minister has none of Mr Rabin's tough public and security image, and will find it harder than his predecessor to maintain support for the peace process when the surge in support for it wanes.

In contrast to Mr Rabin, the dovish general, Mr Peres is seen as the archetypal political schemer. In the

four elections he fought as Labour leader between 1977 and 1982, he lost three and tied in a fourth.

However, he is no political lightweight, having held most ministerial posts in the life of the Jewish state. Neither is he soft on security: between 1948 and 1967, he dominated Israeli defence policy and played an important role in equipping his country with weapons, including a nuclear deterrent.

One step towards overcoming his credibility problem is to bring ministers into his government who can

reassure the public and senior military brass that implementation of the peace process will not compromise security. The expected appointment as defence minister of Mr Ehud Barak, the tough, right-wing, 53-year-old former army chief of staff, would help in this.

Mr Peres must also bolster the coalition he has inherited: the Labour-led government has a 61 to 59 parliamentary majority in crucial votes on the peace process. Mr Haim Ramon, the reforming chairman of the Histadrut trade union

federation and a well-known dove, is expected to rejoin the government in a senior post, which should increase the Labour party's appeal to the political centre.

Efforts to widen the coalition by including representatives of religious Jewish orthodox parties are unlikely to get far. However, Labour leaders hope they could be persuaded to back the government in return for "influence" over policy issues such as education and religious affairs.

Barring unexpected developments, these political changes should be enough to avoid early elections. And if Mr Peres can deal with the security threat posed by rightwing extremists, while tainting the mainstream right with the extremist brush, he should be able to press on with the peace process.

Mr Peres has said if he had to choose between winning the peace or winning elections he would choose the peace. He is therefore likely to seize any opportunity to make the process irreversible. Success in negotiations with the Palestinians and Syria could put the Labour-led government in a strong position in next October's election.

Considerable Arab suspicion of Israeli intentions would have to be overcome before such a breakthrough could be achieved. Nevertheless, Mr Rabin's assassination rallied international support to Israel's peacemaking efforts and exposed to the Arab world the extent to which Israel has been divided by the peace process.

"Arabs who thought we were engaged in a meaningless debate between doves and hawks now understand how Mr Rabin and the government have paid the price for pursuing a policy which divided our society," says Mr Beilin.

Since Mr Rabin's death, Syria has sent encouraging signals to Israel about the possibility for a fresh start. "We believe that quickening the peace process is the positive reply which will spare the region more acts of violence and tension," Mr Farouk al-Shara, Syria's foreign minister, said this week.

Nevertheless, overcoming Arab suspicions and hostilities will require a much greater effort to meet Palestinian aspirations and a more forthright Israeli commitment to ending its occupation of Arab lands in Syria and south Lebanon.

If Mr Peres can rise to these challenges, Israelis could have their best chance in a generation of a lasting regional peace. Only boldness and courage in the coming days will enable Israel to finish the revolution that Mr Rabin and his Arab peace partners began.

An unsettled existence

Situated on rolling, rocky hills 20km south of Jerusalem, Kfar is a community of pristine houses, manicured lawns and conservative, law-abiding people. Write Mark Dennis and Julian O'Zanne. The Israeli settlement is evocative of a US suburb and many American emigrants to Israel live there.

In contrast, Kfar Teppuch, 50km north of Jerusalem, is a ramshackle and isolated outpost of 70 austere houses. This settlement is home to some of the most ideologically rigid of Israel's extreme right, most of whom fiercely oppose a peace settlement that concedes any land to the Palestinians.

The differences between the two

highlight the divide between Israel's settlers. Some are motivated by religious fervour, while others are driven by a fanatical devotion to keeping the biblical lands of Israel in Jewish hands; others have a pragmatic desire to escape urban life.

Many want to live in the Palestinian territories to provide a bulwark against infiltration by Arab guerrillas. Others were urged on by rightwing Likud governments in the 1980s to create an obstacle to any attempt to cede territory.

Most of the 130,000 West Bank settlers live in large towns within

commuting distance of Israel's main cities. Dotted the hinterlands are small settlements of ideologues, while along the Jordan river are farming communities reminiscent of early Zionist settlements.

Israel's largest settlements are, like Kfar, situated near Jerusalem or Tel Aviv and home to people who mostly support retaining the West Bank by peaceful means. "I moved to Kfar because of ideological reasons and also because it is near Jerusalem," says Mr Yair Assael. "It is a community of young families and people

whom I feel comfortable among." Many other young families moved to settlements for affordable subsidised housing and would give up their homes peacefully if they were paid adequate compensation.

Most residents of the border settlements know that Israel has no plans for forcing them out. They believe the settlements around Jerusalem and near the so-called "green line" border between Israel and the West Bank will remain under Israeli sovereignty once the peace process is completed.

But militant settlers such as

those of Kfar Teppuch feel isolated from the political mainstream. Some promise a revolution and talk in vague, dark terms about their plans if Israel continues to redeploy its forces in the West Bank. "A military man is never without contingencies," says Rabbi Kuziel Meir, a US Vietnam war veteran.

It is zealots such as these, numbering at most a few thousand, who pose the greatest threat to the peace process. Many of them continue to rejoice at the death of Yitzhak Rabin, although his assassination may have given a significant boost to negotiations that will end with Israel's partial withdrawal from the West Bank.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3000 (please do not fax to "line"). e-mail: letters.editor@ft.com Translation may be available for letters written in the main international language.

Terminal argument

From Mr Oliver Parr.
Sir, You quote Sir Colin Marshall, chairman of British Airways, as saying that if Heathrow Airport fails to get a fifth terminal by 2010, 30m passengers a year will be forced to fly from other locations ("BA chairman warns of 'desertion' of Heathrow", November 9).

Probably quite right – and what an eloquent argument for scotching the whole idea.

If BA is forced to establish a second base in continental Europe then so be it, although why this can't be in the UK is far from clear. If, as Sir Colin argues, the risk is of passengers travelling to other continental European airports to catch connecting flights, the argument that Gatwick and Stansted are too far from the main markets in south-east England is irrelevant. In actual fact both airports now benefit from rail connections to central London, which, by comparison, put Heathrow in the JFK Kennedy class for user friendliness.

When it comes down to it, the terminal five issue is one of corporate convenience (for BA) versus the environment. As a fairly regular user of Heathrow, I would rather put up with the inconvenience of using marginally more distant airports knowing that the environmental blight caused by ever increasing air traffic is being more evenly spread – to the benefit of those who live in the Heathrow area and those who are likely to benefit from jobs at other airports.

Oliver Parr,
16 Horbury Crescent,
Notting Hill,
London W11 3NF, UK

Subsidies give rail unfair advantage over airlines

From Mr Mike A. Ambrose.
Sir, If you sell £1 notes for 50 pence, do not be surprised if a lot of people buy them. The article on rail versus air competition by Michael Shipinker and Charles Batchelor ("In the path of a speeding train", November 3) equated to this maxim.

It is true that a small number of leading airlines in Europe have received state subsidies but even taken in aggregate they pale into insignificance beside the massive and continuous subsidy provided by European governments to their respective rail systems.

In past editions you have reported the scale of such annual subsidies – \$7bn to the Italian rail system and \$19bn to the German system are but two examples. Taken overall, using the European Commission's data for 1993 (the latest year available), the average level of annual rail subsidy throughout the EU equated to about £15 for every 100 passenger kilometres.

In any case, it is not just that the leading airlines have to compete against subsidised rail competition. Europe's regional carriers exist without any state support but compete in a market heavily distorted by government policies to

subsidise rail services. The subsidy is not just financial. Rail travellers do not pay the same passenger duty imposed on air travellers. Rail services are not subjected to the same curfew and noise regulations. Whereas the minimal noise nuisance caused by high-performance aircraft is limited to the start and end of the journey, rail lays a carpet of noise throughout the journey length.

The Treaty of Rome provides for equal competition in transport. It encourages consumer choice without deliberate market distortion. Such objectives will never be achieved unless rail services are obliged to compete on equal terms to air. The recent announcement that the UK government will provide a further £200m to rescue the ailing Channel tunnel train service seems to demonstrate a determination to continue to provide favourable conditions for their preferred mode.

Mike A. Ambrose,
director-general,
European Regional Airlines
Association,
Fairoaks Airport,
Chobham, Woking,
Surrey GU24 0HX, UK

No payments made to MPs

From Mr Charles Miller.
Sir, A number of commentators have suggested that lobbyists in the UK are only now starting to shed their financial links with MPs. However, it would be a mistake to confuse public relations firms, which have arrangements with almost two dozen MPs, with professional lobbyists. Most full-time lobbyists have never made payments to MPs in any form.

Our association regulates all the largest firms, accounting for around 70 per cent of the sector's turnover in its membership. We have always banned any financial connection with MPs on the basis that a clear conflict exists where those who earn their living from working with the institutions of government make payments to anyone working within those institutions. This view was accepted by the Nolan Committee; we hope it will be understood by those who hitherto have assumed that professional lobbyists have a web of unethical relationships with parliament.

Charles Miller,
secretary,
Association of Professional
Consultants,
50 Rochester Row,
London SW1P 1JU, UK

Banned athlete backed because of successful appeal

From Mr Anthony Morton-Hooper.
Sir, In your article "Testing for the hidden performers" (November 4/5), you state that the athlete Diane Modahl was banned for four years for a high testosterone to epitestosterone ratio, and go on to say: "The British federation has backed Modahl's claim of

questionable procedure..." I should like to make it clear that the decision of the British Athletic Federation to support Mrs Modahl was not due to some arbitrary act of generosity, but because in July Diane Modahl won her appeal against the four-year ban, unanimously, before the British

Athletic Federation's Independent Appeal Panel, chaired by Robert Reid QC.

Anthony Morton-Hooper,
Mishcon de Reya,
Solicitors,
21 Southampton Row,
London WC1N 3BS, UK

THIS ADVERTISEMENT IS DEDICATED TO

C/SGT GRAHAM HEATON OF 3 PARA,

WHO WAS SERIOUSLY WOUNDED IN

ACTION DURING THE FALKLANDS WAR.

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POPPY APPEAL. CHANCES ARE, IT'LL

BE MORE THAN THE PRICE OF THE

BULLET THAT COST HIM HIS RIGHT LEG.



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Jörg Haider, the bad boy of Austrian politics, is coming in from the cold. The leader of the populist Freedom party, who once praised the employment policies of Hitler's Third Reich, has championed pan-German nationalism, opposed Austria's membership of the European Union and taken a strong anti-immigrant stance. But he is suddenly trying to present a more acceptable image.

Although Haider calls himself the patron saint of emigration, he now says his party would not force legal immigrants to leave Austria. Nor would he try to lead the country out of the EU. And he says he would accelerate the pace of privatisation and deregulation, even if it meant more foreign control of Austrian companies.

The reason for his change of tone is not hard to find. The unexpected collapse of Austria's socialist-conservative coalition government last month raised the possibility that Haider could soon have his hands on real political power.

Interview · Jörg Haider of Austria's Freedom party

A sudden change of image

The man who once called his country an 'abomination' talks to Ian Rodger

voters are undecided, but Haider figures in most discussions over the composition of the coalition government that will be the inevitable outcome. Haider has acquired notoriety abroad mainly for his anti-immigration stance and his flirtation with pan-German nationalism. He once described Austria as an "ideological abomination (Missetat)" indicating that it really belonged within Germany.

"I would not use those words any more," he said this week in his Vienna office. "I think people have misunderstood what I wanted to say." He believes it is important for Austria to have a social and cultural identity. All Austrians, "whether they be of Slovene, Hungarian, Czech, German or Jewish culture", should see themselves first as Austrians.

In the past, he has associated frequently with *Wehrmacht* veterans, but a few weeks ago he was quick to expel one of his party's parliamentarians who refused to

acknowledge that the Holocaust happened.

His recent call for the reintegration of immigrants with their families in their home countries had also been misunderstood, he said. Austria had a long history of accepting refugees from neighbouring countries, which he fully supported. Indeed, he had taken 11 Bosnians into his own farm home "and I think I am the only politician to have done that". But he believed the Austrian economy and social infrastructure were too weak to take in the estimated 100,000 wives and children of existing immigrants.

Those immigrants can stay as long as they have permits. Nobody will be forced to go back," he said. However, he admitted that he would not want to renew some residence permits.

Haider has also been criticised for the violence of his rhetoric. Last Sunday, when he launched his election campaign at a rally in Klagenfurt, he made some observers ner-

vous with his call to "clean out the muck" in government. He also declared: "I am ready to take on the leadership (Führung) of this country."

A Viennese banker said afterwards: "Somehow, when he says *Führung*, it sounds different from when someone else says it, and he knows that it sounds different."

Haider said his rhetoric was not as violent as that of his opponents, and he insisted that misuse of power was widespread. "We live in a political system in which people at the top of state institutions have enormous privileges. At a time when ordinary citizens are having to tighten their belts, the political elite must give a good example." Haider, who has shifted his view on Austria's membership of the EU many times, said he would not raise the issue if he came to power. "We have to accept the decision of the people," he said - referring to last year's referendum in which two-thirds voted in favour of joining the EU. He added that

the people could at some point make a new decision, but promised: "We will not undertake an initiative to reverse this decision."

He said the ruling coalition parties misled people into thinking EU membership would be painless, whereas it had contributed substantially to the budget crisis that brought down the government. The Freedom party's election posters feature a picture of Haider and the slogan: "He did not lie to you."

Haider has long championed privatisation and deregulation of Austria's tightly controlled economy. He accepts that privatisation in many cases would mean more international ownership - he does not oppose the sale of leading institutions, such as the bank Creditanstalt-Bankverein, to foreign interests - because Austria has such an underdeveloped capital market. He blames the government for not doing what is necessary to strengthen the capital market. He also favours NATO mem-

bership: "It is the only way to make Austria secure." He said that joining a common European security strategy would become even more important once other central European states, such as the Czech Republic, joined NATO.

He would even send Austrian soldiers for peacekeeping assignments in Bosnia, provided they were under the command of the UN. If NATO were in command, Austria, which is officially and legally neutral, could not participate.

Although he says he is ready for government, many wonder whether the same can be said of his party. Purged of many of its leading lights in recent years, it appears to be something of a one-man band.

He accuses the governing parties of similar concentration on their leaders' images. "This is the TV generation. But look at the results of these two parties in government, they are not so good," he said. He added that he was open to all ideas on forming a government, depending on the election result. "We can negotiate with the other parties."

He believes the Social Democrats and People's party will try hard to renew their coalition, if only to keep him out of power. "But it will last only one or two years, and then there will be a big change," he predicted.

Turn against the crimson tide

If you had been President Hindenburg in 1933 in Berlin would you have asked Adolf Hitler, the politician who won the greatest number of the votes in a democratic ballot, to form a government?

As Russia's December 17 parliamentary elections draw near, this is the question on the lips of many local business leaders and politicians.

Worried by the increasingly strong showing of the communists - and their close allies, the nationalist hardliners - they are arguing that Russia must avoid repeating the disastrous mistake of Weimar Germany. Many of them have come to the conclusion that, in order to save capitalism, they must "postpone" democracy.

A number of developments this week appear to have made such a postponement more likely. The most serious measure is a petition asking the Constitutional Court to review Russia's electoral law. If the court rules the legislation invalid, the parliamentary poll will not take place.

The politicians and financiers campaigning to have the election law declared unconstitutional are happy to reel off a long list of flaws in the voting regulations. But many of them will also admit that this legal arcana is only a pretext. The real problem, in their view, is the likely victory of a coalition of communists and nationalists if elections are held according to the existing timetable and legislation.

A private opinion poll circulating in the corridors of the Kremlin underscores the perceived threat. The survey, conducted at the end of October at the request of the presidential entourage, gives the Communist party the support of 15 per cent of decided voters, its nearest rival, the reformist but anti-government Yabloko party, has 4.5 per cent and Our Home is Russia, the party led by Mr Victor Chernomyrdin, the prime minister, only 3.5 per cent. Until recently, most foreign and domestic observers had been sanguine in their assessment of the implications of a communist victory in the parlia-

Some Russians want to postpone democracy to save capitalism as a parliamentary poll approaches, says Christia Freeland

mentary ballot. They argued that Russian communists had shifted from orthodox Marxist-Leninism to relatively benign social democratic policies and that, in any event, the limited powers of the parliament in the Russian political system meant that even a communist majority would be unable significantly to change Russia's economic course. A report published this summer by Salomon Brothers, the US investment bank, with the cheerful title *Russian Politics: Not Scary Anymore*, typified this complacent attitude.

But over the past few weeks, a growing number of Russian politicians and business leaders has become more pessimistic about the consequences of a communist victory at the polls.

According to Mr Oleg Kisiliev, one of the Moscow businessmen spearheading the campaign to have the elections postponed, there is "a real possibility" a communist victory would lead to civil war. "The danger is that the communists will pursue a policy of expropriation of property," he says.

Business leaders agree western opinion must be taken into account, but say that it is ultimately the Russians who must decide where to strike a balance between democracy and capitalism

These fears became more urgent after President Boris Yeltsin's heart attack two weeks ago, because of the prospect that the physically weakened president would be less able to rein in a communist parliament. They are becoming the new conventional wisdom within the Russian establishment.

Mr Grigory Satarov, one of Mr Yeltsin's most liberal aides, says that if the communists came to power the vested interests they threaten would mount a coup in order to protect their property. The result would be "a right-wing dictatorship, as in Chile or in Spain", he says. One of the country's most influential bankers agrees. He warns of "a total catastrophe for Russia" if the reformist cabinet led by Mr Chernomyrdin were replaced by communists.

This week's legal campaign to postpone the elections is, according to its leaders, the only way to hold back the "crimson tide" of communism. But some Russian reformers disagree. They take the view that, in spite of the possibility of a communist comeback, Russia's fledgling democracy is too precious to be sacrificed.

Moreover, some argue that the establishment's claim that the communists pose a threat to Russia's nascent capitalism is merely a pretext to obscure its true concern: that a communist government could deprive the new elite of the economic privileges it enjoys under the present administration. This has presided over the most radical redistribution of wealth in Russia since the communist revolution.

The main question in these elections is why did 50 per cent of the people get so much that it is impossible even to imagine it, while 50 per cent got nothing at all, says Mr Grigory Yavlinsky, Yabloko's leader. "There is a very clear group of people which does not want

political power to be changed," says Mr Yavlinsky, in reference to Russia's wealthy and well-connected energy and arms producers.

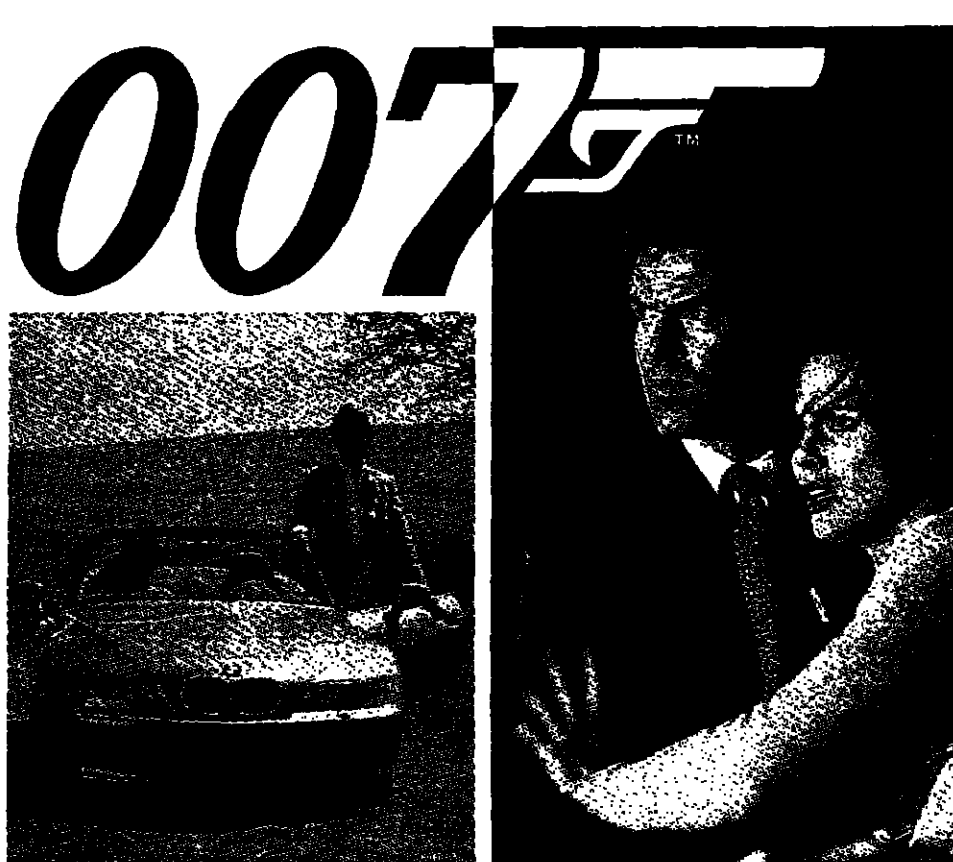
A pioneer of market reforms in the final days of the Gorbachev era, Mr Yavlinsky argues that elections must be held as scheduled both for the sake of democratic principle and in order to give voters an opportunity to criticise the "distorted form" capitalism has assumed in Russia today.

Opposition from domestic politicians such as Mr Yavlinsky is one factor helping to prevent the Russian elite's campaign for a postponement of the elections from gathering support more quickly. Another is fear of criticism from a more influential source - the west.

"The president understands very well that the west sees elections as a test of democracy," says Mr Satarov. "It is a very crude, maybe inappropriate, test, but if we do not pass the test the west could punish us."

Moscow's worried business leaders agree that western opinion must be taken into account, but say that ultimately it is Russians who must decide where to strike a balance between democracy and capitalism. "For us, the reaction of the west is important, but cannot be decisive," says Mr Kakha Bendukidze, another of the business leaders campaigning for the postponement of the elections. "Which should we prefer: To live in a normal country which is criticised by the west or to live in an abnormal country which is praised by the west?"

Mr Bendukidze and his allies like to cite the example of Weimar Germany as evidence that democracy can sometimes produce tragic results. But Russians need only look to their own history of murderous tsars and genocidal communist bosses for proof that dictatorship can be equally devastating. After nearly a millennium of authoritarian rule, perhaps it is time for Russians, who have never held two consecutive federal elections, to take the risk of democracy.



Golden deal: agreements with companies such as BMW will add at least \$50m to the budget

Another tough assignment for 007

Box office success for the new Bond film could boost the fortunes of MGM/UA, says Alice Rawsthorn

James Bond pulls off some heroic feats in *GoldenEye*, the new 007 film. He starts by rescuing a beautiful and brainy Russian computer programmer and finishes by foiling an evil plan to cause chaos in the world's financial markets.

GoldenEye, the 17th film in the 007 series, opens in the US on Friday with much more than the future of capitalism at stake. If successful, it could boost the fortunes of MGM/UA, the struggling Hollywood film studio, and Credit Lyonnais, the state-controlled French bank that owns it.

The French bank reluctantly took over MGM in a 1992 bankruptcy case and is compelled under US banking law to sell it by May 1997. It is expected to appoint an investment bank soon to advise it on the sale of the studio - and commercial success for *GoldenEye* could increase the price.

"It isn't a question of whether MGM is sellable - it's still a great name and someone will buy it - but of how much it is sold for," says Mr Oscar Moore, editor-in-chief of Screen International, the film industry magazine. "If the new Bond is a hit, the price will be much higher."

GoldenEye is not the only asset in MGM's portfolio, but it is a valuable one. The studio is already in better shape than two years ago when Credit Lyonnais appointed Mr Frank Mancuso, a former Paramount executive, as chairman.

MGM was then little more than a carcass. Its previous owners sold the Culver City production lot to Sony and the MGM film library to Mr Ted Turner, the cable TV mogul. All that was left was the MGM production and distribution business, the film library of United Artists, its sister studio, and a television production company.

Mr Mancuso has since assembled a new senior management team and increased the number of films released to 20 this year from the same number for both the two previ-

ous years. Inevitably, some of these have flopped, notably a critically and commercially disastrous adaptation of *Tomb Raider*, the cult comic book. But the new team has had some successes, starting last winter with the surprise hit *Star Trek: Voyager*, a sci-fi epic. *Rob Roy*, the historical drama, was also a hit, as was *Species*, another sci-fi epic. *Get Shorty*, a recent release, has taken \$40m in three weeks in the US, and is expected to lead to an Oscar nomination for its star, John Travolta. MGM hopes for more successes among future releases which include *Cutthroat Island*, a pirate adventure, and Sir Ian McKellen's adaptation of *Richard III*.

However, success for *GoldenEye* would not only bring in more money at the box office but also revive one of the film industry's most lucrative and enduring franchises. The 16 films in the Bond series have earned a total of \$2.16bn at the box office since Sean Connery starred in *Dr. No* in 1963. *Thunderball*, the highest earner in real terms, has taken \$141m since its 1965 release.

All the films have also been steady earners in television and video. But the 007 franchise has been on a downward trend since *Moonraker* in 1979. The only 1980s productions among the top 10 grossing Bonds (in real terms) are 1981's *For Your Eyes Only* and 1983's *Octopussy* in ninth and 10th place respectively.

If *GoldenEye* succeeds in reviving the Bond franchise, the prospect of future hits would enhance MGM/UA's attractions for potential purchasers - which are thought to include Chargeurs and Canal Plus of France and PolyGram of the Netherlands.

The production team tried to modernise the Bond concept in the last two films: *The Living Daylights* in 1987 and *Licence to Kill* in 1989, both starring Timothy Dalton. But the elegant Englishman with a penchant for unbridled promiscuity and gas-guzzling cars seemed outdated in an era of safe sex and

environmental awareness. The new wave of action films featured blue-collar heroes such as those played by Bruce Willis and Mel Gibson in the *Die Hard* and *Lethal Weapon* series. The collapse of the Soviet Union looked like the last straw for 007, robbing him of his staple source of villains. United Artists is now hoping it can redesign James Bond for a contemporary audience in *GoldenEye*. It has signed up a new star in Pierce Brosnan, the improbably handsome Irish actor. It even makes a preemptive attack on critics of the series when Judi Dench's "M" dismisses 007 as "a sexist, misogynist dinosaur - a relic of the cold war".

The \$50m production features the latest digital special effects, including a spectacular tank chase through St Petersburg. *GoldenEye* has also been treated to a lavish promotional campaign with a budget of well over \$60m worldwide, which is now standard for a potential blockbuster.

However United Artists has reduced its contribution to the promotional budget by negotiating product endorsement deals, which involve companies agreeing to feature *GoldenEye* in their advertising campaigns if their products are used in the film. These deals are expected to add at least \$50m to the total budget. BMW, the German carmaker, will spend an estimated \$30m on promoting the film worldwide in conjunction with its 23 sports cars which are launched in *GoldenEye*. Other sponsors include Perrier mineral water, Bollinger champagne and Yves Saint Laurent cosmetics.

So far the omens for *GoldenEye* look good. Pierce Brosnan has been showered with publicity. If it is a hit, MGM/UA should have an impressive addition to its box office returns with the promise of more in the future. And Credit Lyonnais might be able to recover a larger part of the \$2.5bn it has sunk into its Hollywood film studio.

Louise Kehoe explains how a cheaper PC could soon transform the market

The light side of home computing

The personal computer industry expects the top item on millions of teenagers' Christmas lists this year to be a multimedia PC that can be used for schoolwork, games and communicating through the Internet, the global network of computers.

Many parents are likely to balk at the cost, however - a multimedia PC costs up to \$2,000 (\$1,500 or more).

But a far cheaper option could soon be on the market that would perform many of the same tasks as today's PC for about \$500. Some computer industry executives predict that a new generation of "network computers" will be on sale as early as this time next year - in good time for Christmas 1996.

Dubbed by some as "lite" computers, they would not have the expensive microprocessors, memory and disc drives found in PCs. They would rely upon the brainpower and data storage capacity of large computers, reached via the Internet.

"Network computers will have two cords: one you plug into the wall for electrons, the other you plug into the wall for bits," says Mr Larry Ellison, chairman and chief executive of Oracle, the world's second largest software company after Microsoft.

Mr Ellison describes them as "bare bones Internet terminals" which will allow users "to do a lot of the common functions that are done with the PC, a lot more cost-effec-

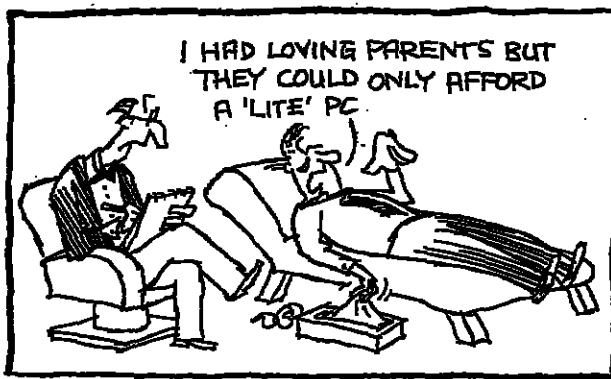
tively and a lot more reliably". They would also be able to "borrow" programs from the distant computer, store work on it and give users access to the information on other computers on the Internet.

This would suit Mr Ellison's company. Oracle aims to supply much of the software for handling the libraries of information linked to the Internet. Other supporters include Mr Scott McNealy, chairman and chief executive of Sun Microsystems, the leading supplier of Internet computers and workstations. His company makes software that allows PC users to make use of programs stored on the Internet.

Netscape Communications, the leading maker of software for using the Internet, is also a supporter of the network computer concept, which it believes would draw many more people onto the Internet.

Not surprisingly, Intel and Microsoft, the leading suppliers of chips and software to the PC industry, are unimpressed by "Larry's vision". They compare his network computers to the "dumb terminals" hooked up to mainframe computers that were common before PC sales took off.

Critics say the network computers would plunge individual computer users back into an era of reliance upon central computers. To some, the scheme proposed by Mr Ellison smacks of "Big Brother", by taking processing power away from the individual and returning it to a central organisation. Current concerns



about security and privacy on the Internet could also be multiplied if personal files were stored on a distant computer, they suggest.

Intel believes that Mr Ellison's proposal for a \$500 network computer is "fundamentally flawed". The cost of the components needed to build even a simple computer that would satisfy the needs of consumer is well above \$500, the company says.

Yet Intel and Microsoft dismiss the network computer, they sound a bit like the defenders of mainframe computers who at the height of their market power 20 years ago scorned the new-fangled PC as a mere "toy".

The first generation of network computers is already being developed by the companies making video game machines, which have seen their sales eroded by the rising popularity of home PCs.

CD-Online, a UK subsidiary

of Philips of The Netherlands, is introducing an "Internet connection kit" for the Philips CD-i player. The kit enables users of the CD-i machine to display pages of information from the Internet on a television screen.

In Japan, Sega Enterprises has developed attachments for its latest Saturn game machine that allow it also to be used to access online services. Industry analysts predict that Internet add-ons can be expected for other machines including the Sony Playstation and the 3DO multiplayer.

Early reviews of the Philips CD-i kit highlight potential drawbacks of this route to the information superhighway. In particular, surfing the Internet on a television is not ideal as it lacks the high resolution of a computer screen and is poor at displaying text.

And since users will probably be sitting on their sofas in front of the television rather

than seated at a desk with a PC on it, text size has to be enlarged substantially. This requires a lot of tedious scrolling up and down text to read what would normally fill the screen of a PC.

Another drawback of using video games machines on the Internet is that they need special software. Yet PC software for the Internet has adapted rapidly to enable innovations such as sound, voice, video and 3D graphics. Industry analysts predict that keeping up with such developments will be a big challenge for the video game industry which is unused to making such rapid changes.

And a fast modem needed to connect the network computer to the Internet through a telephone line would take the price of a network computer well above the \$500 target. Without such a modem, the television screen would remain blank for several minutes as the graphics found on many Internet pages are loaded. The quality of service expected by people who want to use their television to get access to the Internet may be beyond the reach of today's low-cost technology.

The prospect of a network computer will have broad appeal to those for whom a multimedia PC is too expensive. But for those who can afford it, the multimedia PC is likely to remain the most efficient and versatile home computing machine - and perhaps less expensive to use in the long term.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar nerves

By Philip Gawth

The dollar yesterday stayed within its recent narrow trading range as worries about the US budget situation and Mexican peso continued to weigh on market sentiment.

Traders said the dollar's inability on Thursday to break above DM1.425 had prompted a bout of profit-taking. It closed in London at DM1.413 from DM1.416, and at ¥100.7 from ¥101.6. At one point the dollar slipped below ¥100, having traded as high as ¥104 only a week ago.

In Europe, the D-Mark finished firmer, bolstered by some tough talk from Mr Theo Waigel, the German finance minister, about the need for a post-EMU stability pact.

The franc closed at FF13.452, from FF13.448.

Elsewhere, the Mexican peso recovered from its sharp slide on Thursday, helped by the first round of support from the

Mexican central bank since May 14. It closed in London at 7.715 pesos against the dollar, from 8.1 pesos.

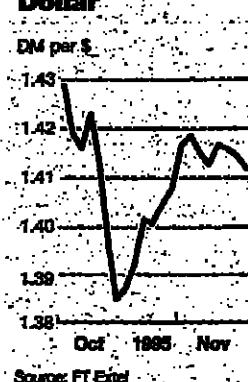
The pound slipped back against the stronger D-Mark, finishing at DM2.2248, from DM2.2353. Against the dollar it closed at \$1.5753, from \$1.5785.

The main move in the week was the sharp rally in the yen, following the mid-week release of September capital flow data

which showed money flowing back into Japan. This runs against the received wisdom that a sustainable rally in the dollar requires large-scale buying of US assets by Japanese institutions.

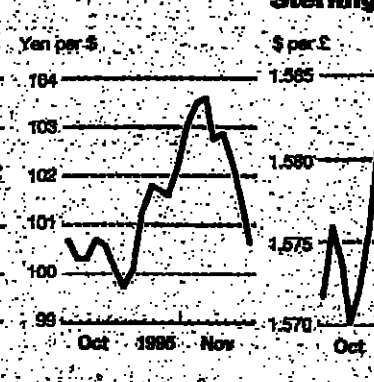
Mr Tony Norfield, UK treasury economist at ABN-AMRO

Dollar

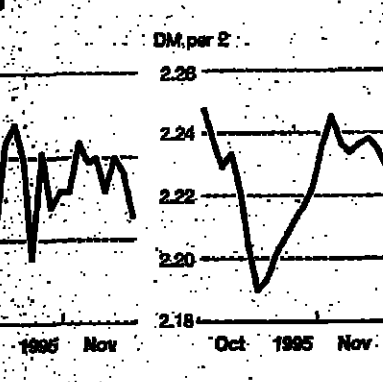


Source: FT Data

Sterling



D-Mark



POUND SPOT FORWARD AGAINST THE POUND

Nov 10	Closing mid-point	Change on prior	Bid/offer spread	Day's Mid low	One month %/pA	Three months %/pA	One year %/pA	Bank of England	
Europe	15.9537	-0.0729	422 - 821	15.7396 15.6103	15.8233 2.3	15.5647 2.3	-	107.0	
Austria (Sch)	45.7137	-0.2881	847 - 426	45.8840 45.8000	45.8127 2.5	45.45287 2.5	44.9837 2.2	108.6	
Belgium (Bfr)	45.7137	-0.2881	847 - 426	45.8840 45.8000	45.8127 2.5	45.45287 2.5	44.9837 2.2	108.6	
Denmark (DKr)	8.6303	-0.0407	257 - 348	8.6586 8.6300	8.6227 1.1	8.6061 1.1	8.5438 1.0	98.8	
France (FFr)	45.7137	-0.2881	847 - 426	45.8840 45.8000	45.8127 2.5	45.45287 2.5	44.9837 2.2	108.6	
Germany (DM)	7.9804	-0.0335	798 - 839	7.9857 7.9555	7.9777 0.5	7.8858 -0.5	7.686 -0.1	112.0	
Italy (L)	2.2248	-0.0105	236 - 259	2.2312 2.2162	2.222 2.8	2.2103 2.6	2.1691 2.5	110.2	
Greece (Dr)	368.436	+0.2036	775 - 809	368.019 368.937	-	-	-	88.0	
Ireland (Ir£)	-0.0177	-0.0017	798 - 839	0.02019 0.02019	0.9756 1.0	0.9747 0.8	0.9702 0.5	97.0	
Spain (Ptas)	21.5457	-0.3414	215 - 235	22.0176 22.0176	-0.5	20.9676 2.5	20.04 -0.7	87.0	
Portugal (Esc)	21.5457	-0.3414	215 - 235	22.0176 22.0176	-0.5	20.9676 2.5	20.04 -0.7	87.0	
Luxembourg (Lfr)	45.7137	-0.2881	847 - 426	45.8840 45.8000	45.8127 2.5	45.45287 2.5	44.9837 2.2	108.6	
Netherlands (Gld)	2.4917	-0.0102	902 - 811	2.4984 2.4850	2.4987 2.7	2.4748 2.7	2.4281 2.5	108.0	
Norway (Nkr)	23.2118	-0.7087	233 - 311	23.0705 23.0705	23.0948 1.5	23.7852 1.4	23.7177 1.1	98.0	
Sweden (Skr)	23.2118	-0.7087	233 - 311	23.0705 23.0705	23.0948 1.5	23.7852 1.4	23.7177 1.1	98.0	
Switzerland (Sfr)	191.980	-0.7822	192 - 205	192.820 191.490	192.48 -0.1	193.0 -0.3	197.83 -0.3	81.0	
USA (Dollar)	10.4899	-0.0588	784 - 790	10.5220 10.4898	10.4949 -0.3	10.4737 -0.3	10.4049 -0.3	98.0	
South Africa (Rand)	1.7919	-0.0105	907 - 831	1.7971 1.7856	1.7881 4.8	1.773 4.2	1.72 4.0	118.0	
UK (Sterling)	1.7919	-0.0105	907 - 831	1.7971 1.7856	1.7881 4.8	1.773 4.2	1.72 4.0	118.0	
Asia	1.7919	-0.0105	907 - 831	1.7971 1.7856	1.7881 4.8	1.773 4.2	1.72 4.0	118.0	
Australia (A\$)	1.2171	-0.0023	163 - 179	1.2182 1.2108	1.2161 1.0	1.2141 1.0	1.2056 0.9	92.0	
Canada (Cdn\$)	1.05748	-	-	-	-	-	-	-	-
Asia	1.05748	-	-	-	-	-	-	-	-
Argentina (Pesc)	1.5748	-0.0025	743 - 758	1.5795 1.5728	-	-	-	-	-
Brazil (R\$)	1.5143	-0.0020	135 - 160	1.6275 1.5123	-	-	-	-	-
Canada (C\$)	2.1291	-0.0105	282 - 300	2.1386 2.1280	2.1302 -0.6	2.1322 -0.6	2.136 -0.3	84.0	
Mexico (New\$)	12.1535	-0.8824	992 - 117	12.2258 11.8665	-	-	-	-	-
USA (Dollar)	1.1578	-0.0032	749 - 757	1.5903 1.5729	1.5742 0.8	1.5721 0.8	1.581 0.9	82.0	
Pacific/Asia	1.1578	-0.0032	749 - 757	1.5903 1.5729	1.5742 0.8	1.5721 0.8	1.581 0.9	82.0	
Australia (A\$)	2.1339	-0.0086	326 - 351	2.1332 2.1325	2.1362 -0.7	2.1351 -0.8	2.1526 -0.9	94.0	
China (Yen)	12.1918	-0.0289	793 - 862	12.2117 12.1640	12.1783 0.3	12.1869 0.3	12.1233 0.4	92.0	
Hong Kong (H\$)	54.3873	-0.7998	179 - 562	54.6261 54.3000	-	-	-	-	-
India (Rupee)	4.7436	-0.0047	447 - 465	4.7678 4.7416	-	-	-	-	-
Japan (Yen)	158.835	-1.745	514 - 522	159.560 157.200	157.773 0.5	156.576 0.7	148.933 6.1	142.0	
Malaysia (RM)	3.9998	-0.0116	891 - 917	4.0025 3.9942	-	-	-	-	-
New Zealand (NZ\$)	2.4130	-0.0108	111 - 149	2.4155 2.4110	2.4189 -0.3	2.4282 -0.5	2.4538 -1.7	100.0	
Philippines (Piso)	41.1468	-0.7998	208 - 720	41.7189 41.1116	-	-	-	-	-
Singapore (S\$)	5.9383	-0.012	995 - 1001	5.9388 5.9388	-	-	-	-	-
South Korea (Won)	2.2247	-0.0057	235 - 280	2.2293 2.2250	-	-	-	-	-
South Africa (Rand)	5.7258	-0.0167	935 - 280	5.7420 5.7191	-	-	-	-	-
South Korea (Won)	1211.48	-0.321	404 - 203	1215.72 1208.87	-	-	-	-	-
Thailand (Baht)	42.8283	-1.08	498 - 417	43.0000 42.7659	-	-	-	-	-
UK (Sterling)	36.5715	-0.1515	457 - 379	36.8600 36.5707	-	-	-	-	-

Source: Reuters for Nov 9. Bid/offer spread in the Pound Spot table shows only the best three decimal places. Forward rates are not directly carried to the market but are implied by current interest rates. Sterling interest calculated by the Bank of England. Base amount 1990 = 100. Interest rounded 1/100th. Bid, Offer, and Spread are for Nov 9.

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AUTHORISED UNIT TRUSTS

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OTHER UK UNIT TRUSTS									
Unit Trust	Manager	Investment Objective	Assets Under Management (£m)	Units in Issue (m)	Unit Price (£)	NAV (£)	YTD %	1Y %	3Y %
Old Mutual Fund Managers Ltd - Contd.									
Old Mutual UK Growth	Old Mutual	UK Growth	1,200	1,200	1.20	1.20	10.5	15.2	25.8
Old Mutual UK Income	Old Mutual	UK Income	1,200	1,200	1.20	1.20	8.2	12.5	22.1
Old Mutual UK Bond	Old Mutual	UK Bond	1,200	1,200	1.20	1.20	5.1	9.8	18.5
Old Mutual UK Equity	Old Mutual	UK Equity	1,200	1,200	1.20	1.20	12.3	18.7	30.2
Old Mutual UK Dividend	Old Mutual	UK Dividend	1,200	1,200	1.20	1.20	9.5	14.1	24.5
Old Mutual UK Property	Old Mutual	UK Property	1,200	1,200	1.20	1.20	7.8	11.9	20.3
Old Mutual UK International	Old Mutual	UK International	1,200	1,200	1.20	1.20	11.2	17.5	28.9
Old Mutual UK Global	Old Mutual	UK Global	1,200	1,200	1.20	1.20	10.8	16.8	27.5
Old Mutual UK Asia	Old Mutual	UK Asia	1,200	1,200	1.20	1.20	9.1	13.4	23.7
Old Mutual UK Europe	Old Mutual	UK Europe	1,200	1,200	1.20	1.20	8.7	12.9	22.8
Old Mutual UK Japan	Old Mutual	UK Japan	1,200	1,200	1.20	1.20	7.5	11.2	20.1
Old Mutual UK Australia	Old Mutual	UK Australia	1,200	1,200	1.20	1.20	6.9	10.5	19.4
Old Mutual UK New Zealand	Old Mutual	UK New Zealand	1,200	1,200	1.20	1.20	6.2	9.8	18.2
Old Mutual UK South America	Old Mutual	UK South America	1,200	1,200	1.20	1.20	5.8	9.1	17.5
Old Mutual UK Africa	Old Mutual	UK Africa	1,200	1,200	1.20	1.20	5.5	8.9	17.1
Old Mutual UK Middle East	Old Mutual	UK Middle East	1,200	1,200	1.20	1.20	5.2	8.6	16.8
Old Mutual UK Far East	Old Mutual	UK Far East	1,200	1,200	1.20	1.20	5.0	8.4	16.5
Old Mutual UK Pacific	Old Mutual	UK Pacific	1,200	1,200	1.20	1.20	4.8	8.2	16.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	4.6	8.0	16.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	4.4	7.8	15.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	4.2	7.6	15.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	4.0	7.4	15.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	3.8	7.2	15.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	3.6	7.0	15.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	3.4	6.8	14.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	3.2	6.6	14.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	3.0	6.4	14.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	2.8	6.2	14.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	2.6	6.0	14.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	2.4	5.8	13.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	2.2	5.6	13.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	2.0	5.4	13.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	1.8	5.2	13.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	1.6	5.0	13.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	1.4	4.8	12.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	1.2	4.6	12.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	1.0	4.4	12.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	0.8	4.2	12.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	0.6	4.0	12.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	0.4	3.8	11.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	0.2	3.6	11.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	0.0	3.4	11.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-0.2	3.2	11.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-0.4	3.0	11.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-0.6	2.8	10.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-0.8	2.6	10.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-1.0	2.4	10.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-1.2	2.2	10.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-1.4	2.0	10.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-1.6	1.8	9.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-1.8	1.6	9.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-2.0	1.4	9.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-2.2	1.2	9.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-2.4	1.0	9.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-2.6	0.8	8.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-2.8	0.6	8.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-3.0	0.4	8.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-3.2	0.2	8.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-3.4	0.0	8.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-3.6	-0.2	7.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-3.8	-0.4	7.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-4.0	-0.6	7.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-4.2	-0.8	7.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-4.4	-1.0	7.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-4.6	-1.2	6.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-4.8	-1.4	6.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-5.0	-1.6	6.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-5.2	-1.8	6.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-5.4	-2.0	6.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-5.6	-2.2	5.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-5.8	-2.4	5.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-6.0	-2.6	5.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-6.2	-2.8	5.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-6.4	-3.0	5.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-6.6	-3.2	4.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-6.8	-3.4	4.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-7.0	-3.6	4.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-7.2	-3.8	4.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-7.4	-4.0	4.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-7.6	-4.2	3.8
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-7.8	-4.4	3.6
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-8.0	-4.6	3.4
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-8.2	-4.8	3.2
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-8.4	-5.0	3.0
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-8.6	-5.2	2.8
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-8.8	-5.4	2.6
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-9.0	-5.6	2.4
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1.20	-9.2	-5.8	2.2
Old Mutual UK Asia Pacific	Old Mutual	UK Asia Pacific	1,200	1,200	1.20	1.20	-9.4	-6.0	2.0
Old Mutual UK Europe Pacific	Old Mutual	UK Europe Pacific	1,200	1,200	1.20	1			

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Canada Korea Emerging Growth Fund Unit Price: \$11.51 Assets Under Management: \$11.51	North Lynch Asset Management - Const. Unit Price: \$1.43 Assets Under Management: \$1.43	Albany International Assurance Ltd Unit Price: \$1.43 Assets Under Management: \$1.43	Royal Strategic Life Assurance Ltd Unit Price: \$1.43 Assets Under Management: \$1.43	Chester Indian Investment Company Ltd Unit Price: \$1.43 Assets Under Management: \$1.43	Global Asset Management - Const. Unit Price: \$1.43 Assets Under Management: \$1.43	Morgan Asset Management Ltd Unit Price: \$1.43 Assets Under Management: \$1.43	Republic Funds Unit Price: \$1.43 Assets Under Management: \$1.43
Other Offshore Funds	Other Offshore Funds	Other Offshore Funds	Other Offshore Funds	Other Offshore Funds	Other Offshore Funds	Other Offshore Funds	Other Offshore Funds
Offshore Insurances	Offshore Insurances	Offshore Insurances	Offshore Insurances	Offshore Insurances	Offshore Insurances	Offshore Insurances	Offshore Insurances

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Nov 10 / US\$)

(in \$ mil)

Dow Jones

S&P 500

NASDAQ

NYSE

AMEX

NYSE

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EUROPE

UNITED KINGDOM (Nov 10 / £)

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AMERICA

Debt default fears hit bonds, equities

Wall Street

US shares were trading in a narrow range early yesterday afternoon as weakness on the bond market countered the market's recent upward momentum, writes Lisa Brunson in New York.

At 1 p.m. the Dow Jones Industrial Average was 10.48 lower at 4,833.75, and the more broadly traded Standard & Poor's 500 slipped 1.22 at 592.04, while the Stock Exchange composite added 0.1 at 531.32. Volume on the NYSE was light at 175m shares.

Bonds fell in early trading as the market was hit by fears that the government might default on its debt.

Both stocks and bonds received some support from

the dollar, which edged up against the yen and the D-Mark in early trading.

Technology shares were modestly stronger, with the technology-rich Nasdaq composite heading towards a new record. By early afternoon the index was 2.41 stronger at 1,068.00, to pass its previous high of 1,067.41 reached on September 13.

Interest in internet-related companies remained strong. The American Stock Exchange/Interactive Week Index jumped 2.76 per cent in early trading as several components soared.

Spyglass, which makes internet software, rocketed 13% or 16 per cent to \$97, while its closest competitor, Netscape added 3% at \$108. Netcom On-Line Communication Ser-

vices rose \$9 or 11.5 per cent to \$87. Analysts attributed the jump to presentations the company was making in connection with its secondary offering of 2.5m shares.

Elsewhere, Kmart slipped 4% or 3.2 per cent to \$74 after Duff & Phelps, the credit rating agency, lowered its rating on the retailer. Kmart shares have slid nearly \$2 in recent sessions amid speculation, denied by the company, that it might file for bankruptcy.

American Greetings sank 3% or 12 per cent to \$27 after lowering its expectations for 1996 earnings by about 18 cents a share to \$1.50 to \$1.55.

Canada

Toronto saw a rally in golds but the broad market was flat

at noon with the TSE 300 Composite index off 0.82 at 4,581.34.

Turnover eased from 38.4m to 32.6m shares. Gandalf Technologies topped active stocks, rising 6.1% to \$10.00 in spite of lower than expected third quarter earnings. Gandalf issued a supply deal with Inteligent Electronics, its third deal of this type in a week; brokers also noted that the shares had been sold off sharply on Thursday, ahead of the third quarter report.

Latin America

MEXICO CITY stabilised as the peso reversed its losses against the dollar. By midday the IPC index was off just 0.42 at 2,310.67.

Traders said that they had expected the peso to show

resilience after the Banco de Mexico intervened to support the currency on Thursday.

SAO PAULO lost an early gain and dropped 3 per cent in midsession trading on renewed worries about regional weakness. The Bovespa index was down 1.38% at 39,891.51 at 1 p.m. Turnover was thin at R\$113.8m (\$117.8m).

BUENOS AIRES, by contrast, was slightly firmer at noon. Traders attributed this to bargain hunting and the Merval index was up 1.19 at 402.48.

SANTIAGO was off sharply at midsession as a rise in interest rates prompted investors to switch to bonds. The IPSA index was down 1.3 per cent at 83.13 by midday. Among the main decliners was Cap, the steel manufacturer, off 2.8 per cent at 1,750 pesos.

Moderate response to Rabin assassination

Julian Ozanne sees depth and stability in Tel Aviv

It was a sign of the depth and stability of Israel's stock market that it responded moderately and cautiously to the assassination of Prime Minister Yitzhak Rabin.

The response of the market this week reflects the increasingly limited effect politics has on market sentiment, while economic and corporate factors have become more important. Tight domestic liquidity remains the overwhelming obstacle to improvement in the weak equity market despite strong economic growth, healthy corporate earnings and many companies appearing cheap by world standards.

Mr Rabin's assassination last Saturday sparked a surge of initial panic selling on Sunday, when the index fell 9 per cent, but prices rebounded slightly throughout the week. The Mishkin index closed on Thursday, the last day of trading, at 187.20, down 1.6 per cent on the week. The market's average price/earnings ratio on 1994 earnings is around 15.5.

Brokers said foreign investors, who have dominated activity this year, also held their ground.

"Although the assassination is a tragic and influential political event investors feel there is no real economic impact and no cause for a re-evaluation of the market," says Mr Eran Goren of Zannex Securities.

Mr Shimon Peres, acting prime minister, has pledged to continue implementing the economic policy of the government, and economists do not expect any policy change which could significantly affect the market.

The overwhelming problem remains domestic liquidity. Although the macro-economic fundamentals are positive, with the economy set to grow by 6.8 per cent this year and 6 per cent next, signs of overheating, largely due to poor fiscal performance, have led to a tight monetary policy.

Small rises in interest rates in both September and October ended the market's six-month rally which had seen the Mishkin index rise by more than 30 per cent from a March low of 148. The central bank's key

lending rate has risen from 13.2 per cent in September to 14.2 per cent, making bonds, with an average yield of 14 to 15 per cent, and bank deposits an increasingly attractive alternative to stocks.

Foreign investors, whose selective buying of blue chips this year drove the market up, are staying on the sidelines until local buyers return. Average daily turnover has plummeted to around \$150m, down from about \$130m to \$140m three months ago, and from \$120m during the

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"Up to now there has been a high political risk premium, but as that risk declines you will see very fast multiple expansion coming through, and that is where investors will get the bulk of their returns," says Ms Maryam Mansoury, head of global strategy at Lehman Brothers.

But the flow of foreign investment into equities has been slow. Central bank figures show that in the first six months of 1995, foreign investment reached \$231m. That was 26 per cent higher than the \$183m invested throughout the whole of 1994, but still far short of analysts' expectations.

For the market's future direction much could depend on the current global offering of Koor Industries, the country's largest and most profitable diversified holding company.

The announcement of the offering has forced the company's share price down by about 18 per cent since mid-September, and, according to a valuation by Lehman Brothers, Koor's current price of \$12.55 is trading at a discount of 25.6 per cent to net asset value per share, while the company has a P/E ratio of 8.

Pricing of the offer, due last Thursday, was postponed to Monday or Tuesday in the wake of the assassination. If the issue is a success it could prove a boost to the market.

The recent rate rises appear

market's boom in 1993. "Until we can see an exit from the current situation we are going to face a bearish period," said Mr David Rosenberg of Pacific Mediterranean Investment.

"Foreigners will not come back until domestic liquidity returns, and only if fixed income instruments become less attractive, but the market still looks very cheap."

But prospects for lower interest rates remain slim in the next three months. The central bank is determined to keep inflation between 8 and 10 per cent and is concerned about the lack of fiscal restraint. The government's budget deficit is expected to rise to 3.9 per cent of GDP this year, against a target of 2.75 per cent.

The bank believes that, if the government is incapable of reining in the deficit, it must use the only tool available to take demand pressures out of the economy: increasing interest rates.

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EUROPE

Paris falls before crucial budget debate

With data showing French consumer confidence at its lowest level since November 1993, PARIS retreated, the CAC-40 index lost 12.51 to 1,638.82. Little change on the week. Turnover was FRF3.6bn.

Investors were also wary of taking positions ahead of next week's crucial budget debate, which was to consider cuts in social security spending. Lehman Brothers commented yesterday that the political stakes were high: "A poor market reception... could make it difficult for the Bank of France to continue to cut interest rates, leading eventually to pressure on the franc."

Pechiney CI's lost FRF5.60 to FRF55 after the financial markets regulator criticised the group for omitting FRF1bn of provisions from the first half accounts of its Pechiney International division. Pechiney International declined FRF1.50 to FRF110.50.

FRANKFURT recovered a little from worries about the US budget, the dollar and domestic bonds, leaving the Dax index 7.89 down at an illiquid 2,174.78, fractionally higher on the week.

Turnover eased to DM5.6bn. Deutsche Morgan Grenfell dropped its 1996 and 1997 forecasts for BASF, from

FT-SE Actuaries Share Indices

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BANKS. MERCHANT

	Notes	Price	% Chg
Banking: Bnc Co 2nd Pr.	50 1/2	50 1/2	
Charm Cities	4 1/2	472	
Consolidated	7 1/2	321	-34
GenCorp	1 1/2	380	+7
Harbison	1 1/2	108	
Highgate	1 1/2	101	-1
Johnson	1 1/2	403	+3
King & Solomon	1 1/2	114	
Robt Brothers	1 1/2	46	
Schroders	1 1/2	130	-30
MN	1 1/2	108	-12
Seymour & Fried	1 1/2	109	
Stamps Co Ls 08 1/4	213 1/2	213 1/2	+1
Stamps	1 1/2	713	
Windsor	1 1/2	70	

BANKS, RETAIL

[illegible]

BREWERIES

	Rating	Price	% chg
Accot Hldgs	A- ⁺	217	
Bancorp	A- ⁺	880	+0.5
Bend Sin	A- ⁺	480	+0.5
Berkshire Pwr	A- ⁺	172	
Forbes As	A- ⁺	80	-1
Pfizer SIA	A- ⁺	410	
Schler Mem	A- ⁺	210	
Greenleaf	A- ⁺	812	+0
Greene King	A- ⁺	653	
Quincy Int'l	A- ⁺	316	
Kirin Y	A- ⁺	671	+0.5
Marshall	A- ⁺	329	
Marshall Thome	A- ⁺	520	
Morland	A- ⁺	520	
Pennwoods	A- ⁺	701	
Regent Inns	A- ⁺	382	
Scott	A- ⁺	270	-1
United Breweries	A- ⁺	11	
Vicer	A- ⁺	257	-1
Watkinson Ltd	A- ⁺	637	
Wolfs & J	A- ⁺	520	
Wolfs & J	A- ⁺	520	
Wynn Bros	A- ⁺	274	+1
Young A	A- ⁺	225	

BUILDING & CONSTRUCTION

[illegible]

CHEMICALS

[illegible]

DISTRIBUTORS

[illegible]

9.7 DIVERSIFIED INDUSTRIALS

[illegible]**ELECTRONIC & ELECTRICAL EQPT - Cont.**

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HOUSEHOLD GOODS - Cont.[illegible]

INSURANCE

Rank	Name	Points
1	Robert Wright	100
2	Wayne Williams	98
3	John A. Allen	95
4	Robert L. Allen	92
5	Robert L. Allen	90
6	Robert L. Allen	88
7	Robert L. Allen	85
8	Robert L. Allen	82
9	Robert L. Allen	80
10	Robert L. Allen	78
11	Robert L. Allen	75
12	Robert L. Allen	72
13	Robert L. Allen	70
14	Robert L. Allen	68
15	Robert L. Allen	65
16	Robert L. Allen	62
17	Robert L. Allen	60
18	Robert L. Allen	58
19	Robert L. Allen	55
20	Robert L. Allen	52
21	Robert L. Allen	50
22	Robert L. Allen	48
23	Robert L. Allen	45
24	Robert L. Allen	42
25	Robert L. Allen	40
26	Robert L. Allen	38
27	Robert L. Allen	35
28	Robert L. Allen	32
29	Robert L. Allen	30
30	Robert L. Allen	28
31	Robert L. Allen	25
32	Robert L. Allen	22
33	Robert L. Allen	20
34	Robert L. Allen	18
35	Robert L. Allen	15
36	Robert L. Allen	12
37	Robert L. Allen	10
38	Robert L. Allen	8
39	Robert L. Allen	5
40	Robert L. Allen	2
41	Robert L. Allen	0
42	Robert L. Allen	0
43	Robert L. Allen	0
44	Robert L. Allen	0
45	Robert L. Allen	0
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96	Robert L. Allen	0
97	Robert L. Allen	0
98	Robert L. Allen	0
99	Robert L. Allen	0
100	Robert L. Allen	0

INVESTMENT TRUSTS

[illegible]**FOOD PRODUCERS**

27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2	27.2
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12.2 Yorkshire Food 大和 08 —
16.4
13.2 GAS DISTRIBUTION

GAS DISTRIBUTION			+ or -	1990
23.1				
17.9	Notes	Price		high
16.6	British Gas	238d	+1 1/2	377 1/2
13.9	Calor	228d	-8	280
	Flora	230		280
18.5	International Energy	187d		113
10.1				
6				
14.5				

HEALTH CARE

Notes	Price
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PE	Rank	Name	Score	Rank	Name	Score
45	1	AFLA Reinhardt	234	107	107	
14.5	2	Adams	234	108	108	
14.5	3	Adams	234	109	109	
14.5	4	Adams	234	110	110	
14.5	5	Adams	234	111	111	
14.5	6	Adams	234	112	112	
14.5	7	Adams	234	113	113	
14.5	8	Adams	234	114	114	
14.5	9	Adams	234	115	115	
14.5	10	Adams	234	116	116	
14.5	11	Adams	234	117	117	
14.5	12	Adams	234	118	118	
14.5	13	Adams	234	119	119	
14.5	14	Adams	234	120	120	
14.5	15	Adams	234	121	121	
14.5	16	Adams	234	122	122	
14.5	17	Adams	234	123	123	
14.5	18	Adams	234	124	124	
14.5	19	Adams	234	125	125	
14.5	20	Adams	234	126	126	
14.5	21	Adams	234	127	127	
14.5	22	Adams	234	128	128	
14.5	23	Adams	234	129	129	
14.5	24	Adams	234	130	130	
14.5	25	Adams	234	131	131	
14.5	26	Adams	234	132	132	
14.5	27	Adams	234	133	133	
14.5	28	Adams	234	134	134	
14.5	29	Adams	234	135	135	
14.5	30	Adams	234	136	136	
14.5	31	Adams	234	137	137	
14.5	32	Adams	234	138	138	
14.5	33	Adams	234	139	139	
14.5	34	Adams	234	140	140	
14.5	35	Adams	234	141	141	
14.5	36	Adams	234	142	142	
14.5	37	Adams	234	143	143	
14.5	38	Adams	234	144	144	
14.5	39	Adams	234	145	145	
14.5	40	Adams	234	146	146	
14.5	41	Adams	234	147	147	
14.5	42	Adams	234	148	148	
14.5	43	Adams	234	149	149	
14.5	44	Adams	234	150	150	
14.5	45	Adams	234	151	151	
14.5	46	Adams	234	152	152	
14.5	47	Adams	234	153	153	
14.5	48	Adams	234	154	154	
14.5	49	Adams	234	155	155	
14.5	50	Adams	234	156	156	
14.5	51	Adams	234	157	157	
14.5	52	Adams	234	158	158	
14.5	53	Adams	234	159	159	
14.5	54	Adams	234	160	160	
14.5	55	Adams	234	161	161	
14.5	56	Adams	234	162	162	
14.5	57	Adams	234	163	163	
14.5	58	Adams	234	164	164	
14.5	59	Adams	234	165	165	
14.5	60	Adams	234	166	166	
14.5	61	Adams	234	167	167	
14.5	62	Adams	234	168	168	
14.5	63	Adams	234	169	169	
14.5	64	Adams	234	170	170	
14.5	65	Adams	234	171	171	
14.5	66	Adams	234	172	172	
14.5	67	Adams	234	173	173	
14.5	68	Adams	234	174	174	
14.5	69	Adams	234	175	175	
14.5	70	Adams	234	176	176	
14.5	71	Adams	234	177	177	
14.5	72	Adams	234	178	178	
14.5	73	Adams	234	179	179	
14.5	74	Adams	234	180	180	
14.5	75	Adams	234	181	181	
14.5	76	Adams	234	182	182	
14.5	77	Adams	234	183	183	
14.5	78	Adams	234	184	184	
14.5	79	Adams	234	185	185	
14.5	80	Adams	234	186	186	
14.5	81	Adams	234	187	187	
14.5	82	Adams	234	188	188	
14.5	83	Adams	234	189	189	
14.5	84	Adams	234	190	190	
14.5	85	Adams	234	191	191	
14.5	86	Adams	234	192	192	
14.5	87	Adams	234	193	193	
14.5	88	Adams	234	194	194	
14.5	89	Adams	234	195	195	
14.5	90	Adams	234	196	196	
14.5	91	Adams	234	197	197	
14.5	92	Adams	234	198	198	
14.5	93	Adams	234	199	199	
14.5	94	Adams	234	200	200	
14.5	95	Adams	234	201	201	
14.5	96	Adams	234	202	202	
14.5	97	Adams	234	203	203	
14.5	98	Adams	234	204	204	
14.5	99	Adams	234	205	205	
14.5	100	Adams	234	206	206	
14.5	101	Adams	234	207	207	
14.5	102	Adams	234	208	208	
14.5	103	Adams	234	209	209	
14.5	104	Adams	234	210	210	
14.5	105	Adams	234	211	211	
14.5	106	Adams	234	212	212	
14.5	107	Adams	234	213	213	
14.5	108	Adams	234	214	214	
14.5	109	Adams	234	215	215	
14.5	110	Adams	234	216	216	
14.5	111	Adams	234	217	217	
14.5	112	Adams	234	218	218	
14.5	113	Adams	234	219	219	
14.5	114	Adams	234	220	220	
14.5	115	Adams	234	221	221	
14.5	116	Adams	234	222	222	
14.5	117	Adams	234	223	223	
14.5	118	Adams	234	224	224	
14.5	119	Adams	234	225	225	
14.5	120	Adams	234	226	226	
14.5	121	Adams	234	227	227	
14.5	122	Adams	234	228	228	
14.5	123	Adams	234	229	229	
14.5	124	Adams	234	230	230	
14.5	125	Adams	234	231	231	
14.5	126	Adams	234	232	232	
14.5	127	Adams	234	233	233	
14.5	128	Adams	234	234	234	
14.5	129	Adams	234	235	235	
14.5	130	Adams	234	236	236	
14.5	131	Adams	234	237	237	
14.5	132	Adams	234	238	238	
14.5	133	Adams	234	239	239	
14.5	134	Adams	234	240	240	
14.5	135	Adams	234	241	241	
14.5	136	Adams	234	242	242	
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14.5	219	Adams	234	325	325	
14.5	220	Adams	234	326	326	
14.5	221	Adams	234	327	327	
14.5	222	Adams	234	328	328	
14.5	2					

Peter MacNicol	5015	44	38
Premier Health	10	---	---
Procter & Gamble	139	---	---

Category	Value	Category	Value
RE	276	RE	280
18.3	276	18.3	276
18.1	276	18.1	276
21.5	276	21.5	276
14.1	276	14.1	276
25.7	276	25.7	276
16.1	276	16.1	276
22.5	276	22.5	276

HOUSEHOLD GOODS

Category	Value	Category	Value
RE	276	RE	280
18.3	276	18.3	276
18.1	276	18.1	276
21.5	276	21.5	276
14.1	276	14.1	276
25.7	276	25.7	276
16.1	276	16.1	276
22.5	276	22.5	276

INVESTMENT TRUSTS - Cont.

	Net	Price	% Chg.
Gannett Easy Rider	170	170	-
Warner Bros.	68	68	-
Gannett East Div.	64	64	-
Warner Bros.	19	19	-
Gannett High Inc.	18	18	-
Warner Bros.	3-57	3-57	-
Gannett Group	282	282	-
Gannett Group	438	438	-
Gannett Group	491	491	-
Gannett Group	581	581	-
FITG Joint Smr.	271	271	-
Wardens Highway	134	134	-
Henderson	94	94	-
Henderson Stride	123	123	-
Henderson Stride	123	123	-
Warner Bros.	61	61	-
High Line Travel	82	82	-
Home Growth Trust	124	124	-

23

[illegible]128
82[illegible]

5.6 SS is a guide only. See guide to London Shore Service

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FINANCIAL TIMES

Weekend November 11/November 12 1995

The MALT

Glitz and gadgetry to project Cambodia's temple of delights

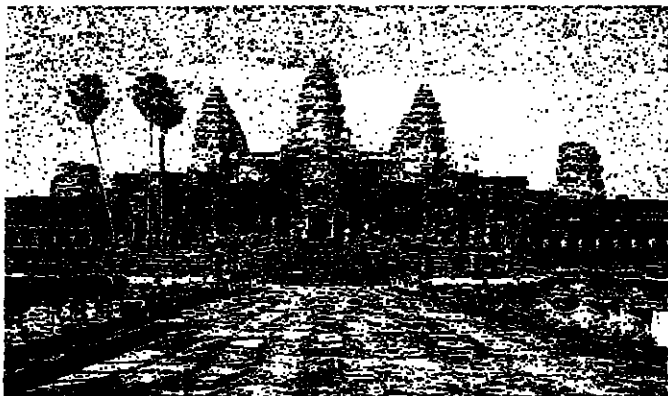
By Kieran Cooke
in Kuala Lumpur

If you dream of seeing Angkor Wat in its natural state, go now. The Cambodian temple complex, considered to be one of the world's most lavishly and architecturally significant monuments, is about to be wired up with sound and light shows and other modern tourism gadgetry.

Yesterday YTL, a Malaysian construction and power company, said it had been given a contract by the Cambodian government to develop a \$20m spectacular at the ninth-century complex.

Mr Francis Yeh, head of YTL, said the show would be the biggest of its kind in the world. The development will include lasers, virtual reality and a "surround-sound" commentary telling visitors the story of Angkor Wat.

When the project is finished, visitors might be surprised to find some famous voices echoing round the temple walls. British actors Sir Alec Guinness, Sir John Gielgud and Albert Finney



Angkor Wat: to be 'biggest show of its kind in the world'

have been asked to narrate the English version of the Angkor Wat story, while French actors Alain Delon and Gerard Philipe have been invited to do a French version.

Under its agreement with the Cambodian government, YTL will also spend \$80m on developing roads and utilities in the vicinity of the temple site and in the nearby provincial capital of Siem Reap.

The company intends to build two hotels in the town and sublease plots to other developers for retail outlets. Mr Yeh says that \$10m could be spent to develop the whole project.

Mr Yeh's ideas might cause a flutter of concern to those who have experienced the quiet serenity of Angkor Wat but he insists the presentation will not disturb the natural beauty of the temples. Mr Yeh says Angkor Wat

will be turned into one of Asia's leading tourist destinations.

While the tourist hordes have been backing and littering their way over the world's monuments in recent years, Angkor Wat has been spared - mainly because of Cambodia's slide into civil war in the 1970s and 1980s. Only the brave or foolish attempted a trip to the temple complex during those times.

Though the area is considered safe nowadays, a US tourist on his way to the temple was murdered earlier this year. Last year six western travellers were killed by Khmer Rouge guerrillas.

Opposition politicians in Cambodia have alleged the government is licensing a number of ill-conceived projects to foreigners which will bring little benefit to the country. Malaysian companies have been among the most active in Cambodia.

The Malaysian Ariston corporation is spearheading a \$1.3bn floating casino and tourist development project in the port city of Sihanoukville and Malaysian logging companies have moved into remote regions of Cambodia.

Lubbers

Continued from Page 1

said yesterday it seemed unlikely that Paris, which was the main backer of Mr Lubbers, would now rethink its attitude to the former Danish foreign minister.

US officials said they objected strongly to the way European nations, starting with Britain and France, had tried to secure the Nato job for Mr Lubbers without consulting Washington.

US doubts about Mr Lubbers had deepened after he failed to make a good impression during a "job interview" in Washington last week. The job of secretary-general traditionally goes to a European, but the choice is usually made between candidates who enjoy US blessing.

Mr Douglas Hurd, the former UK foreign secretary, has been widely mooted for the job but has so far declined to give up his new job as a non-executive director of National Westminster Bank.

Toyota first-half profits hit as rivalry at home intensifies

By Michio Nakamoto in Tokyo

Toyota, Japan's biggest motor group, suffered a 54 per cent decline in profits for the first half of 1995, reflecting fierce competition in the domestic market and a poor performance overseas.

Toyota's recurring profits more than halved from ¥148.8bn (\$1.48bn) to ¥68.1bn, and came amid a widely divergent set of results announced yesterday by the Japanese motor industry.

Mitsubishi Motors, lifted by the success of several new models, reported a 23 per cent rise in first half recurring profits to ¥21.4bn (\$214bn). Mazda made its third consecutive loss in a six-month period. Sales at Toyota declined nearly 9 per cent to ¥3,725.1bn (\$3,725bn). The previous first

half covered the months from July to December 1994, since Toyota changed its year-end from June to March this year.

Toyota's poor performance at home reflected increasing competition as Japanese rivals, battered by the strong yen overseas, tried to increase their domestic market share. Toyota was also not as successful as others in meeting huge demand for recreational vehicles.

Overseas, Toyota suffered from a weaker-than-expected US market while in Europe, the strong yen had an adverse effect on sales. The yen, growing overseas production and weakening demand in the US led to a 16 per cent fall in export sales.

The yen's appreciation during the early part of the first half

cost Toyota ¥60bn in operating profits, the company said. Increased research and development spending was another negative factor. However, the company was also able to cut costs by ¥80bn, due to better designing and cost-reduction efforts on the factory floor.

Toyota said it would increase marketing efforts in the second half and believed it could improve profitability significantly following the yen's recent weakening. Assuming the yen stays at ¥100 to the dollar, it expects a ¥80bn profit rise at the operating level. For the full year, it forecast sales of ¥7,800bn and recurring profits of ¥300bn.

Mitsubishi and Mazda results, Page 6

Germany calls for Emu fines

Continued from Page 1

stressed that Germany did not want to change or renegotiate the Maastricht treaty.

Instead, the finance ministry envisages a supplementary agreement that would be joined only by those countries forming Emu. Because budgetary matters are involved, however, officials said this pact would need parliamentary approval in the member states.

Germany hopes the deposits or fines would never have to be paid. The countries joining Emu on the expected starting date of 1999 will have already had to meet the Maastricht convergence criteria, which include the 3 per

cent deficit limit. However, only Germany and Luxembourg currently meet this limit.

The proposed fines could be a very large burden on national budgets. Figures from the Organisation for Economic Co-operation and Development, suggest that France, for example, could have to deposit \$6.6bn if its deficit grew back to around its present levels of 5 per cent of GDP after it had joined Emu.

As part of the stability pact, Mr Waigel has suggested that "in the medium term", which means roughly five years, countries should aim to have deficits of no more than 1 per cent of GDP in "normal" times of economic growth.

Opposition over Méribel

Continued from Page 1

seeking a listing for Méribel Alpina on Paris's second market.

Mr André Surelle, chairman, confirmed yesterday that he was aware of pressure on Compagnie des Alpes and said: "My role is to defend equality between all shareholders. I am strongly opposed to any state control of the company or anything that removes continuity and reduces its private character."

Mr Claude Paire, Savoie's general manager for services, said Mr Michel Barner and Mr Hervé Gaymard, two ministers who sit on the regional council, had written encouraging Compagnie des Alpes to sell some of its shares.

But he said Savoie's intention was to prevent Compagnie des Alpes or others outside the region controlling too great a stake in local resorts, and was seeking only 13 per cent of Méribel Alpina shares and a place on the board to monitor operations.

"We are not socialists but liberals by conviction who have the long-term interests of the local economy in mind," he said. "We don't need the English to manage Méribel."

Some close to the company argue that relations between Savoie and Méribel Alpina have been strained and that the local government is eager to control all five ski resorts in the Trois Vallées region of the Alps.

THE LEX COLUMN

Waigel's worries

The German government's political will for European monetary union is being tested by the realisation that it may have to foot the bill for benefits reaped by other members. Yesterday's proposal by Mr Theo Waigel, the German finance minister - that countries within a single currency system which fail to meet budget targets should be charged draconian penalties - is the latest example of Germany's increasingly hard-line stance.

This is understandable. German voters are reluctant to give up their hard D-Mark for a potentially softer currency. Germany might, for example, have to pay higher interest on bonds. This is reflected in the shape of Europe's bond yield curves: Germany's is considerably steeper than France's, since the franc would be replaced by a harder currency.

Mr Waigel wants to avoid paying this price. If Emu members are pined to tough economic conditions, there is no reason, in theory, why the new currency should be weaker than the D-Mark. The problem is that several of the "hard core" of potential Emu participants are already struggling to meet targets. France will be lucky to get its budget deficit down to 3 per cent of gross domestic product. Neither Belgium nor Germany meets debt targets.

Germany's tough stance on economic targets suggests the government may prefer to delay monetary union rather than relax the criteria set out in the Maastricht treaty. Under these conditions, the market is right to be sceptical about convergence.

UK results

It is not only the weather that has turned gloomy. News from Britain's corporates has been more foul than fair, with profit downgrades outnumbering upgrades by nearly two to one during September and October.

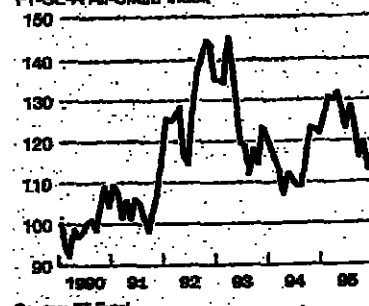
So far, the poor results have been largely concentrated among consumer-related stocks, particularly retailers like J. Sainsbury and Boots. Even Marks and Spencer recorded a fall in its autumn clothing sales. While Sir Richard Greenbury, its chairman, did not quite stoop to blaming the hot summer and the National Lottery, plenty of others have, including Ladbroke. The real problem is the continued lack of consumer confidence.

The worry is that the slowdown could spread to other sectors of the economy. Export activity has tailed off since the summer and September's

FT-SE Eurotrack 200:
1522.31 (-11.21)

Unilever

Share price relative to the
FT-SE-A All-Share Index



Source: FT Econ

factory output figures showed the largest fall for eight months. Even if some of that can be blamed on destocking, the second half of the year is turning out to be tougher than expected. As companies brief City brokers before their year-end, more profit warnings may emerge.

The bad news has probably come too late to dampen this year's gains. The stock market has risen by 15 per cent so far in 1995. That looks well supported by earnings growth of around 13 per cent; but the outlook for next year is more mixed. Estimated earnings growth of 10 per cent puts the market on a multiple of 13 times earnings; forecast dividend growth of 8 per cent would produce a yield of 4 per cent. These valuations are not expensive by historical standards but nor do they allow for any sudden slowdown in corporate profits growth.

Unilever

Yesterday's third-quarter results from Unilever were notable largely for avoiding the first half's disappointments rather than containing much good news. Volume growth is sluggish overall and practically non-existent in Unilever's European heartland, which accounts for half of profits. The US is doing better, due to the recovery in detergents and the success of Calvin Klein's "CK one" perfume. But problems in Turkey and Africa have taken the gloss off growth in the rest of the world - one of Unilever's prime attractions. The outlook for margins is slightly better, since the group is at last feeling the benefits of 1993's £480m restructuring programme. But even with a hot summer's worth of lucra-

tive ice cream sales, margins only just scraped into double digits.

Forecast earnings growth of 5 per cent this year and around 8 per cent in 1996 are likely to remain below the UK market average. With a strong balance sheet and positive cash flow, Unilever has the capacity to do more for investors, either by buying back shares or accelerating dividend growth. The current yield is only 3 per cent. But with international rivals like Nestlé distributing much less of their profits the group is loath to risk losing competitiveness. A big acquisition would be another way to put the group's extra capital to use, but the management seems determined to proceed with a steady diet of in-fill purchases. For shareholders, there seems little chance of any excitement.

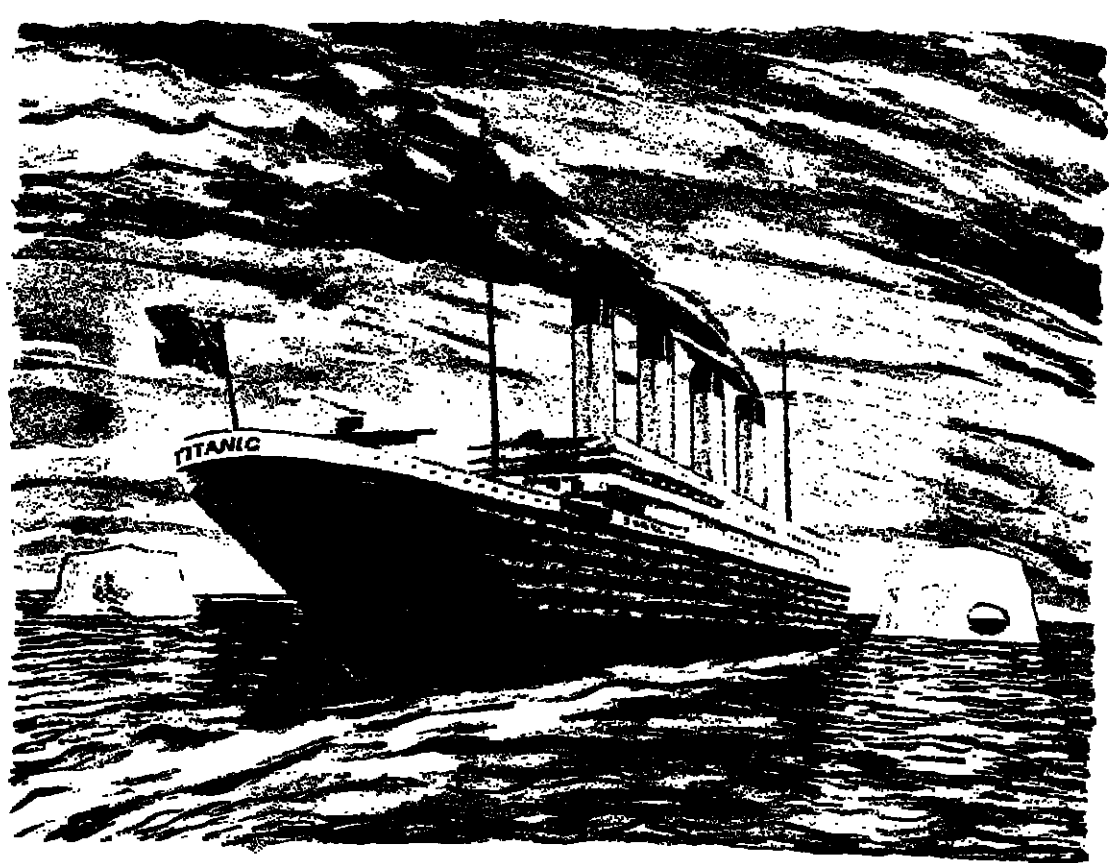
UK housing

The building and construction sector has been one of the ugly sisters of the UK stock market this year. But fresh signs that the bottom of the housing market has been reached may help attract reluctant suitors. The most recent figures from house-builders show a slight rise in agreed sales, albeit from a larger number of development sites. The flow of bad news appears to be over. Consumer confidence is likely to be boosted by tax cuts in the Budget, and higher disposable incomes next year should boost the home improvement market, as well as housing.

Buying at such an early stage of a potential cyclical recovery requires strong nerves, given the housing market's ability to dash even mildly optimistic forecasts. But this year's spate of profit downgrades across the construction and building materials sectors should not be viewed as a turn-off. Given the cyclicality of the sector, share prices are likely to recover before earnings.

In fact, pure housebuilders have performed fairly creditably, reflecting the fact that they are operating in a less difficult market, and are often better run, than the general contractors. But at 12-13 times this year's earnings, compared with a market average of 14 times, housebuilders' stocks may still be undervalued.

Nervous investors may prefer the relative safety of the building materials sector, protected from the worst of the UK downturn by exposure to overseas markets. Since housing starts will rise before completions, these will reap the rewards first.



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Designer of the Titanic, May 1911.

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FT WEATHER GUIDE

Europe today

High pressure will make northern Europe sunny but cold. Behind a cold front, more cold air will be directed into Russia, bringing snow and sub-zero temperatures. An active low pressure system south of the UK will produce widespread cloud, rain and even thunder moving north from Spain and Portugal. Strong and gusty south to south-easterly winds will draw mild air into western Europe, with unusually high temperatures from the Benelux to Germany. Scattered showers will affect the Adriatic region. Maximum temperatures from Romania into Greece will range from 3C in the north to 15C in Greece.

Five-day forecast

The Atlantic low pressure system will move slowly towards France and the Alps, causing shifting winds. From Germany to the Benelux it will stay mainly dry, but temperatures will fall. It will be cloudy and rainy from the French and Italian Alps to the UK. In the southern Alps, rain may be heavy and there is a risk of flooding. North-eastern Europe will remain wintry.

Warm front, Cold front, Wind speed in km/h

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES		TOMORROW'S TEMPERATURES	
Location	Temp	Location	Temp
Abu Dhabi	31	Abu Dhabi	31
Accra	30	Accra	30
Algiers	28	Algiers	28
Amsterdam	15	Amsterdam	15
Athens	15	Athens	15
Atlanta	19	Atlanta	19
B. Aires	24	B. Aires	24
B. Ham	23	B. Ham	23
Bangkok	33	Bangkok	33
Barcelona	19	Barcelona	19
Batavia	28	Batavia	28
Bombay	30	Bombay	30
Buenos Aires	24	Buenos Aires	24
Calcutta	31	Calcutta	31
Canton	28	Canton	28
Cebu	30	Cebu	30
Colon	28	Colon	28
Dakar	28	Dakar	28
Dhaka	30	Dhaka	30
Delhi	30	Delhi	30
Dubai	30	Dubai	30
Dublin	15	Dublin	15
Edinburgh	12	Edinburgh	12
Hankow	28	Hankow	28
Hong Kong	30	Hong Kong	30
Kobe	28	Kobe	28
Kuala Lumpur	30	Kuala Lumpur	30
London	15	London	15
Lyons	15	Lyons	15
Manila	30	Manila	30
Medan	30	Medan	30
Moscow	12	Moscow	12
Mumbai	30	Mumbai	30
Nairobi	28	Nairobi	28
Paris	15	Paris	15
Peking	12	Peking	12
Rangoon	30	Rangoon	30
Reykjavik	12	Reykjavik	12
Rio	28	Rio	28
Rome	18	Rome	18
S. Francisco	18	S. Francisco	18
Seoul	11	Seoul	11
Singapore	30	Singapore	30
Stockholm	12	Stockholm	12
Swansea	15	Swansea	15
Sydney	22	Sydney	22
Taipei	28	Taipei	28
Tokyo	28	Tokyo	28
Toronto	11	Toronto	11
Vancouver	11	Vancouver	11
Venice	14	Venice	14
Vladivostok	11	Vladivostok	11
Winnipeg	17	Winnipeg	17
Zurich	14	Zurich	14

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Weekend FT

Resisters were unpopular and ineffective – but it is heresy to say so, writes Paul Abrahams

One morning in November 1943, Dominique Lathuille saw a man hiding in some bushes near her parents' farm in the French Alps. To Dominique, then eight years old, the man appeared to have a green beard.

When she ran home, the family took little notice of her story. But at lunchtime later that day a member of the French resistance, his face covered by a green scarf, burst into the family kitchen. He then fired his machine gun indiscriminately.

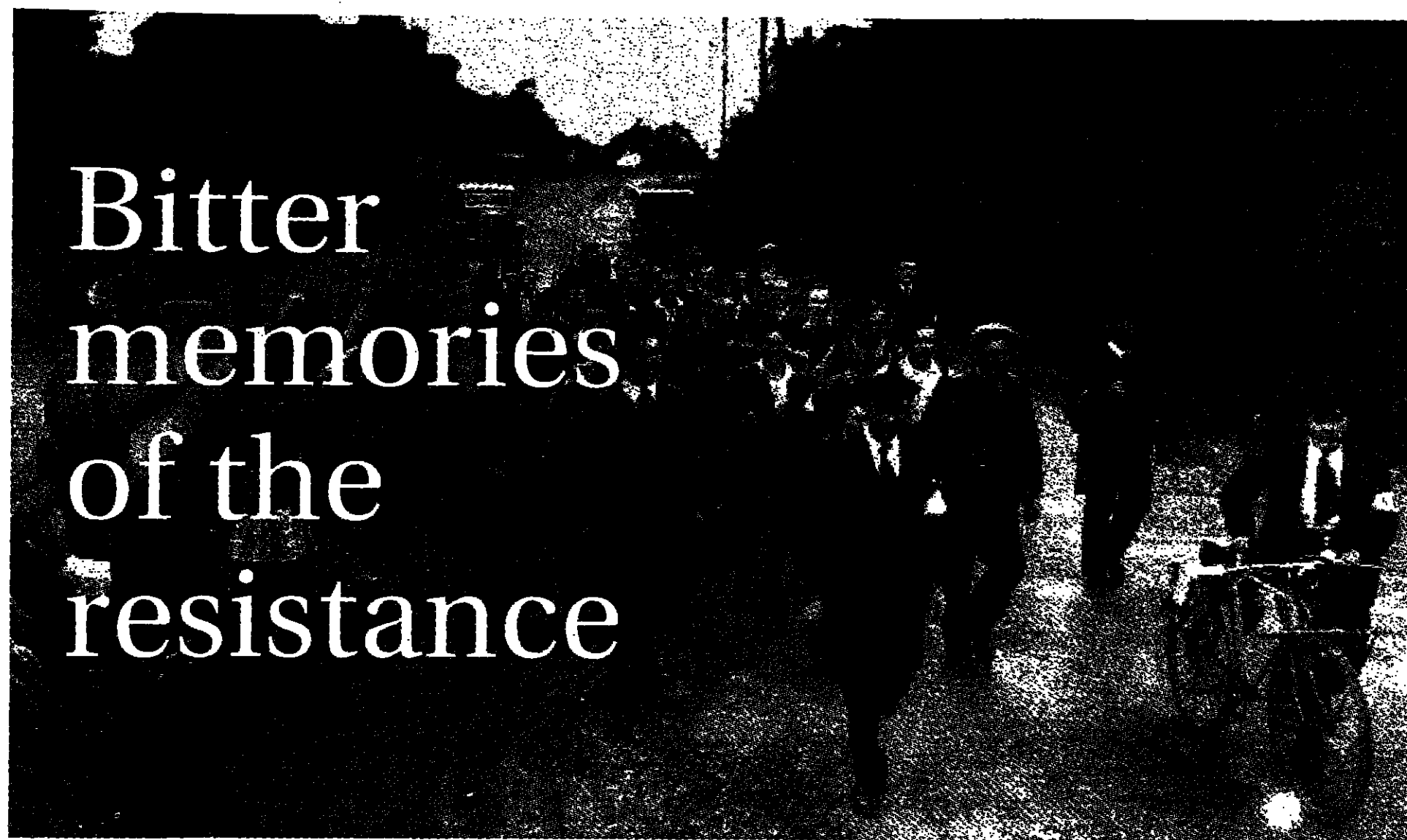
The weapon, a famously unreliable Sten-gun, jammed, but not before Dominique's sister had been hit. Her father, wielding a chair, drove the maquisard from the house. By the time he returned to the kitchen, his daughter lay dead. She was 17. Next week, as she does every year, Dominique will stand by the grave and remember.

The attack was just one small incident in the bloody guerrilla wars that raged through much of occupied Europe during the second world war. These conflicts, whether in France, northern Italy, the Balkans or eastern Europe have been romanticised and idealised. In popular memory they represent the triumph of patriotic will over the Axis invaders, the triumph of anti-fascist forces – whether Soviet or democratic – against the evils of Nazism.

But, as ceremonies of remembrance take place this weekend, it should be also remembered that the reality of the resistance movements was darker and more tragic. They were, in fact, seldom popular, numerous or militarily effective.

Where resisters were active, they were generally considered at best a nuisance, at worst a potentially lethal menace. In part this was because their activities could trigger hideous series of reprisals.

In Italy, for example, the massacre of 335 Romans in the Ardennine caves was the direct result of a resistance bomb attack on the Via Rasella which killed 33 SS soldiers and wounded many others. Field Marshal Kesselring, who was in overall command in the Italian theatre, ordered that 10 Italians be killed for every German. The executions occurred



Bitter memories of the resistance

hours after the bombing.

Such partisan attacks and subsequent German massacres of Italian civilians became so frequent and widespread that in August 1944 even Mussolini felt forced to intervene, though his pleas had little effect. The following month, during three days, 1,330 people, including five priests, were massacred at Marzabotto in the foothills of the Apennines. When resisters staged attacks, such atrocities were repeated throughout occupied Europe.

The resisters were also unpopular because resistance attacks against peasant families such as the Lathuilles were frequent. In 1943, the family's local area, Haute-Savoie, was hit by the BBC as one of the three areas of Europe – together with Greece and Yugoslavia – that was resisting Nazi occupation.

Yet in spite of Haute-Savoie's celebrated status, resistance fighters killed just 153 Italian and German troops during the occupation. Over the same period, the resistance killed nearly twice as many of their compatriots. More than half the victims were peasants. One in seven was female.

Such bitter conflict was not limited to the French Alps. By the summer of 1944, much of the rest of the French countryside was caught up in the destructive maelstrom of guerrilla war. This was less a Franco-German war than a Franco-French one. Thousands of peasants were robbed, raped or killed by maquisards. British Foreign Office reports from the period compared the anarchy in rural France with that during the Chinese civil war.

In France, as elsewhere, the causes of the conflict were complex, reflecting the traditional features of French society – the divisions between left and right, town and country, Catholic and anti-clerical. Many resisters were from the towns and professed communist sympathies. They had little sympathy for their peasant compatriots who for the most part were Catholic and conservative.

The resisters claimed, often correctly, that the farmers had made fortunes trading on the black market and therefore felt justified requisitioning goods from them by force. Frequently when the farmers refused to hand over their belongings,



they were killed.

Such town-country hostility also existed in Greece. Mark Mazower, in his excellent study of war-time Greece, has argued: "To many urban bour-

geois, Elias [the communist-led resistance movement] seemed to be little less than the revenge of the long-neglected provinces on the politia – the culture of the city."

Some partisan groups were motivated by patriotism or politics, but others by material interests. In Italy, a British report on partisans dated May 1944 concluded: "Bands exist of

Above: Members of the French resistance on the march in Brittany, 1944. Left: guerrilla warfare – but resisters were generally considered at best a nuisance, at worst a lethal menace.

Photographs: Above – Milton Deutsch; Left – Popperfoto

every degree, down to gangs of thugs who don a partisan cloak of respectability to conceal the nakedness of their brigandage." Other groups were politically motivated, more interested in killing potential post-liberation opponents than existing occupation enemies.

In France, evidence of rural antipathy to resisters was widespread. It comes as little surprise that reports made by French administrators during the occupation described a population almost universally horrified by the violence. In a study** of the maquisard phenomenon, Prof Rod Kedward of the University of Sussex, quoting the prefect of the Cote d'Or writes of "terrorist groups ranging through the country-

Continued on Page II

CONTENTS



Fashion: Ferretti, the no-fuss designer everyone is wearing VII

Perspectives: A little light shines on Stalin's best features III

Minding Your Own Business: The man behind the Lord Mayor's show I

Sport: Hitting the wall in New York XVIII



Travel: Four pages on Caribbean island hopping VIII-XI

Books: The wandering gypsy spirit is captured XIV, XV

Food: A taste for whisky and a sale to lift the spirits IV, V

Arts: XIV, XVI
Arts Guide: XIV
Books: XIV, XV
Bridge, Chess, Crossword: XIV
Fashion: VII
Food & Drink: IV, V
Gardening: XVIII
How To Spend It: VI
Motoring: XVIII
Perspectives: III
Property: XII, XIII
Science: I
Small Business: XIV
Sport: XVIII
Travel: VIII-XI
Weekend Investor: XII, XIII

Do you find it odd that while the country grows progressively richer, the bill for social security grows even faster? Are you baffled by the statistic that a third of the British population now lives in a household claiming income support, family credit or housing benefit? Can you square with your own experience the fact that public spending last year, at more than 43 per cent of national income, was at much the same percentage level as in 1979 when the Tories returned to power?

If any of these questions has troubled you, lend an ear to an affecting passage in the letter leaked this week from Peter Lilley, secretary of state for social security, to William Waldegrave, who looks after the books at the Treasury. "Your proposed settlement on running costs," writes Lilley, "fills me with despair."

From the driest of the dry to the wettest of Tory wets, this letter revealed a spectacular case of political role reversal – a veritable connoisseur's item. The hawk with the heart and



John Plender

Legacy of the cookie monster

Politicians are not always storm-tossed victims of the market – they can also make the waves

the dove with the hatchet; high principle reduced to base interest in a mere 10 words. It takes the annual public spending round to wreak such a transformation on two such politicians – perfect evidence, in fact, of how the growth of public spending is determined by the pressures of the political market place.

As far as economics are concerned, the pressures are largely misunderstood. There is much fashionable cant about the limitations imposed on politicians by capital markets. Yet it would be easier to argue the opposite case. The rise in budget deficits in the western world since the 1970s has coincided precisely with the growth of a global market in capital. The result is that

deficits have become easier to finance; and the financial veto is exercised later in the day.

If there is a snag here, it is that real rates of interest on the much enlarged debt of the public sector have gone up, thereby restraining economic growth. This in turn adds more pressure to public spending than would otherwise occur. For as Lilley has put it, the best social policy is a vibrant economy which generates jobs, opportunities, skills and the means to save for future needs.

Where economics compound the problem is in proposing an iron law that as countries grow richer, people tend to demand more of those services like education and healthcare which are substantially pro-

vided by the state. That leads to what Richard Darman, head of former US president George Bush's Office of Management and Budget, called "the Ultimate Cookie Monster".

"Its motivation is clearly not malevolent," he declared. "What harm it may cause is largely unintended."

If the cookie monster is bringing Britain dangerously close to the capital market veto, it is largely because of the priority that the Tories accord to tax cuts. Yet over a longer term perspective, the political market place remains the structural killer. As we watch ministers ducking and weaving in their attempt to square electoral advantage with fiscal necessity before the Budget, it is worth recalling

that one of the biggest constraints on governmental choice is the inheritance of past policy.

Professor Richard Rose of Strathclyde University has pointed out that nearly three-quarters of all public expenditure in 1980 was devoted to the implementation of policies introduced half a century or more ago. Even the most radical governments make a smaller impact on the *acquis* than they think. According to an extensive study by Rose and his colleagues, 91 per cent of the money spent in the final year of Attlee's Labour government was devoted to spending programmes engendered decades or even generations before it took office. And five-sixths of the programmes

inherited by Attlee remained in effect in 1990 after 11 years of Thatcherite radicalism.

On this definition the chief and unacknowledged role of politicians is to act as caretakers of the policies and cumulative spending programmes of their predecessors. That is a far cry from the night watchman state to which dry Tories aspire when they are not worrying about elections.

The politicians' response to being trapped in this budgetary box is to shuffle the fiscal pack, while indulging in compensatory rhetoric. In present circumstances there is little choice but to leave the overall stance of policy largely unchanged. They then resort to the political futures market. The most durable item in

the futures armoury is the public spending forecast which promises substantial cuts in future years, while offering a big uplift in the year ahead.

This has yielded handsome returns in days gone by, but is now close to being "out of the money", as the derivatives specialists would say. Then there is the promissory note offering tax cuts over several Budgets, thereby restricting options for future chancellors – very tempting for the chancellor, Kenneth Clarke, with Labour far ahead in the polls.

A more sophisticated form of future is the one applied by Lilley in his dismantling of the state pensions system. He has planned progressive reductions whose impact will be felt

way into the future, if only marginally today. This gives a novel and perverse twist to the Keynesian principle that in the long run we – the ruling elite – are all dead. But where Keynes used the argument to justify immediate increases in consumption, Lilley's version involves the deferral of pain, in the form of increased government savings.

Yet the narrow room for manoeuvre does not preclude activity in the political spot market. In the present economic cycle, this takes the form of the "Grand Old Duke of York" approach to budgetary management. Taxes are run up to the top of the hill to deal with a structural budget deficit. Then an army of worried Tories urges the chancellor to bring them back down again to deal with looming electoral disaster.

This, of course, is no way to get a handle on the cookie monster. In the final analysis the only solution lies in the exercise of political will. At which point, the journalist respectfully bows out. It's over to you now, Ken.

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PERSPECTIVES

The Nature of Things

Gaze into the photonic crystal ball

Andrew Derrington considers the development of the all-optical computer

The information superhighway arrived in the road where I live last week, in a green plastic pipe. The pipe contains a glass fibre cable that carries television channels by the score, telephone lines and connections to the Internet, the worldwide computer network, for every home in the area.

The vast quantities of information that travel to and from across the world begin and end as electrical signals in telephones, facsimile machines, computers and televisions. But electrical signals do not travel very well.

Where a lot of information must be transmitted a long distance the electrical signals are converted into optical signals carried by a flickering infra-red light beamed down a transparent fibre-optic "light pipe".

The reason is that more information can be sent down a fibre-optic cable than down an electrical cable. The information travels at the same speed, but more of it can be carried at the same time. A fibre-

optic cable carries as much information as 10 to 100 electrical cables. (A technique called multiplexing allows many independent signals to be sent down the same physical cable, so that even an electrical cable could carry many different telephone conversations.)

The bandwidth or capacity depends on the frequency of the carrier, the electrical or optical wave that carries the signal. According to Pierre Villeneuve, of Massachusetts Institute of Technology, who works on optical devices called photonic crystals, electrical cables have a limit of tens to hundreds of millions of bits of information per second.

"Metals are very 'lossy' at high frequencies," he says.

There is no such problem with fibre optic cables. The frequency of the light is hundreds of trillions of cycles per second, giving a potential bandwidth thousands of times that of an electrical cable.

According to Villeneuve, optical fibres can only use a fraction of their potential bandwidth because of electronic limitations.

"The rate at which information can be sent in a fibre is typically between one and 10 gigabits (billion bits) per second. And this number keeps going up as researchers improve the electronic systems to multiplex the signals... Another

limiting factor comes from the electronic repeaters every few hundred kilometres. The optical signal is converted to an electronic signal, amplified and then converted back to an optical signal."

Researchers are trying to remove these bottlenecks by developing optical amplifiers and multiplexers that will work without converting back and forth between optical and electronic signals. "Once we get rid of all the electronic components we'll be able to process even more information per second," says Villeneuve.

But so far there is no optical equivalent of the semiconductors that make electronic switching so

easy, and that can be assembled by the thousand on silicon chips. In theory it is possible to make a device that would act like a semiconductor for optical signals, but there are practical difficulties.

Semiconductors work because the spacing of the atoms in silicon crystals blocks the movement of electrons. Impurities added to the silicon allow the flow of electrons to be controlled.

A crystalline structure to restrict the flow of light in a similar way, a photonic crystal, would need spaces of about 0.5 microns. This is about 1,000 times bigger than the spaces in naturally occurring crystals but rather too small to be built easily,

For the last few years researchers around the world have been trying in different ways to develop photonic crystals.

In 1991 Eli Yablonovitch of Bellcore, the communications research company in New Jersey, produced a big crystal that works with microwaves, which have wavelengths of about 1cm, simply by drilling a lattice of regularly spaced holes in a block of transparent material.

Now at the University of California, Los Angeles, Yablonovitch is trying to scale down the technique so that it works with light. This is difficult because it is much harder to control the position of small holes. Another approach, being adopted

by a group at Iowa State University, is to build the crystal by etching lines in thin layers of silicon, to make a tiny grating and then stacking criss-crossed gratings to make a crystal.

Villeneuve and his colleagues at MIT hope to combine these two approaches by first building a two-dimensional crystal of alternating layers of two different materials, and then drilling holes to generate the final 3D structure. They have already produced one dimensional crystals, which consist of tiny slivers of silicon with regular holes.

The next step is to introduce defects into the crystals so that the flow of light can be controlled. Villeneuve is hopeful that the results will be dramatic. "Photonic crystals may prove to be the paradigm shift needed for the introduction of all-optical computers," he says.

■ The author is professor of psychology at the University of Nottingham.

Minding Your Own Business

Constructing history to perfection

Clive Fewins meets the architect of the Lord Mayor's show

Dominic Reid, pageantmaster to the Lord Mayor of London, today expects to achieve the impossible for the fourth year in a row.

As head of the small business that runs the Lord Mayor's show, it is his job to squeeze the two-mile-long procession into the 1½-mile route.

The trick is to dismantle the procession where it ends at the Law Courts faster than it is put together at London's Guildhall. It works - providing the proceedings are timed with pinpoint accuracy. This is the hardest task, but only one of many thousands that Reid, who trained as an architect, undertakes in the 16 months of planning that go into a Lord Mayor's show.

Reid, 34, who runs Reid and Reid, ceremonial and event consultants, with his wife Suzanne and one part-time secretary, is already planning the 1996 Lord Mayor's show. He was well placed when the call came, in April 1992, to organise his first Lord Mayor's show.

He had been working on the shows since 1984 with his father John, who was pageantmaster before him, and had also been practising in his father's architectural partnership.

Reid was asked to assume responsibility for the procession when his father died suddenly in 1982. The 1986 show will be the 25th in which a member of the Reid family has acted as pageantmaster and Dominic Reid is hoping to break the record of his father, who produced 30 shows and was the longest serving incumbent since the post was created in 1568.

However, there are many hurdles to be crossed before Reid is able to achieve that ambition. "Although security arrangements this year are more relaxed than in the past few years, it has proved harder than ever to get people to leave their cars and park with their cars," Reid says.

"The recession years have meant there are fewer people in decision-making positions in the organisations I have to deal with and it seems to become more and more difficult to get people together."

Reid must attract sponsorship and fees of at least £150,000 before he can

be sure the show will have a successful financial basis. The money comes mainly from those entering floats, although the military, and City of London Corporation employees involved, do not pay a fee.

The procession features 60 floats, 2,000 military personnel, 20 horses, 120 motor vehicles, 20 marching bands, 18 carriages and the state coach in which the Lord Mayor travels. Reid says it is the largest unrehearsed television procession of its kind in the world. The £150,000 has to pay for portable toilets, barriers, sand to go on the street, food for the 5,000 participants, grandstands and insurance.

"The key to the whole of the show is that it must be self-financing," says Reid. "I have to stick to the budget because there is no subsidy."

"The event is non-profit-making but we generally manage to end up with a surplus above the agreed budget, with which we try to return the entry fees of the 10 or so charities that have entered floats. The last time the books failed to balance and the Lord Mayor had to get his cheque book out was in the 1960s - well before my father took over managing the event."

Reid and his wife, who joined the company full-time 14 months ago after 14 years with a Canadian bank in the City, work from a small office in a former police station in the centre of Hertford, a mile from their home.

"Although we are worse off financially than when Suzanne worked in the City, we are in a better position to expand. We have managed to recoup the £18,000 capital from our own resources that we put into the company when it was formed in 1992. Last year our gross profit was £38,600."

"In a sense we expanded this summer because Tribute and Promise, the organisation set up to organise the VJ Day celebrations in London, employed us to organise the mile-long parade of 3,700 people and 300 wartime military vehicles along the Mall."

"We got the job because the retired brigadier in charge asked the police for a suggestion and they recommended us. I thought that was pretty nice of the police, considering that I spend most of my working year making



Shining on their parade: Suzanne and Dominic Reid

life difficult for them."

Future expansion could take two forms. The Reids would like to organise some smaller events in this country, but in January Dominic has been asked to speak at a seminar in Los Angeles organised by the International Festival and Events Association.

"It is an exciting prospect and might lead to our being asked to organise processions and parades overseas. Nevertheless we should have to think hard before employing a third person. At present nearly all our

profits come in one lump at the end of November."

"We'd have to sort out some pretty tricky cashflow problems and know quite clearly what other events we had to organise before we could consider extra staff."

If you watch the Lord Mayor's show on television today, Reid is the man in the tall black hat with a red feathered plume seen beside the Lord Mayor during much of the ceremonial attached to the parade. He does not travel in the coach with the new Lord Mayor, Alderman John Calstrey, and

the Lord Mayor's chaplain and sword and mace bearers, but nips smartly out of a following Land Rover at critical moments in the timetable.

"If things go as well as they have done for the last three years, I shall enjoy every moment of the day," Reid says.

"It's marvellous to do a job that holds a live TV audience all over Europe in awe on the second Saturday of every November."

■ Reid and Reid, 1 Queens Road, Hertford SG14 1EN. 01992-505306.

Four Years On / Clive Fewins

Brothers give thanks to the bank

They are hoping for a bad winter this year at A.J. Wells and Sons. Last year's mild winter meant a year in which the Isle of Wight based manufacturers of domestic multi-fuel stoves just achieved break-even.

It was the worst year since 1991-92, when, as reported in Weekend FT's Minding Your Own Business column four years ago, the recession was biting and times were hard.

At that time the company, controlled by the seven sons of the late Alfred Wells, had just invested £300,000 in a vitreous enamelling plant, and the bank, aware that between them, the seven sons had seven wives and 26 children to support, was anxious to see rapid returns from the investment.

Four years later they still owe the bank £500,000. But turnover has risen steadily to around £2.5m, even if profits have been small, and intensive marketing activities in Scotland and Ireland have seen a big rise in the number of units produced and sold and led to an increase in the workforce from 50 to 55.

Ever optimistic, the seven brothers - all devout Christians - still start the working day in prayer, and give thanks that Lloyds Bank, with which they have had a good relationship over the years, has been benign to them.

"The bank could have pulled the rug from under us, and at one stage sent in its financial consultants to have a close look at us and make suggestions," said marketing director Alan Wells, 46.

"The bankers realise that we have always reinvested heavily in the business - this year's big buy was a £100,000 metal profiling machine - and they are well covered in their lending by our houses and the fact that we own the central part of our two-acre site."

"I think they also appreciate our optimism. About 4½ years ago we were producing 10 models of multi-fuel stoves for the luxury market at the rate

of 2,800 a year. Now we produce four ranges of stoves - a total of 23 models, aimed at both local authority and housing association homes and the private owner."

"Last year we produced nearly 5,000 units. In addition, 10 to 15 per cent of our turnover now comes from enamelling contracts - much of it refurbishment work for London tube stations - and we are confident this figure is set to rise."

The Wells brothers detect a swing back to traditional enamelled signs - J. Sainsbury is another big customer - from plastic ones.

However they are often prevented from seeking a great deal more work of this sort through lack of capacity, particularly at times of the year when there is a big throughput of stoves to be enamelled. "The solution to this might be to attract outside investment so we can add to our enamelling capacity. Cash always seems to be our problem," said financial director John Wells, 45.

If this were to happen the brothers would probably form a limited holding company - at present they are a partnership - and split the business into two sections, Charnwood Stoves (their brand name) and the enamelling business.

"If we eventually achieve our aim of moving from our rather cramped site near the centre of Newport to a new site on the island, that will in any case mean attracting investment," Alan Wells said.

"Becoming a limited company might make us more businesslike and professional. In the past 4½ years we have produced another four children between us and now two of us have sons among the workforce."

"We have to seek out the best way of remaining a viable family business."

■ A.J. Wells and Sons (Charnwood Stoves), Westminister Lane, Newport, Isle of Wight PO30 5DP. Tel: 01983-527552.

Bitter memories of the resistance

Continued from Page 1

side and holding peasants in isolated farms to ransom."

Such reports by Vichy administrators were unsurprising, but it was a shock to find post-liberation civil servants, such as the prefect of the Aveyron, warning that the region's peasants were terrorised by heavily armed maquisards. Even the resistors admitted the antagonism directed towards them.

After the liberation, Georges Guingoulin, a leader of the resistance in the Limousin, confessed that resistors in his region were vilified and persecuted.

Admittedly, there were a few parts of France where the relationships between resistors and population were amicable, but such experiences were few and far between and seldom long-lasting.

Soviet and Wehrmacht reports from the eastern front concluded that partisan bands quickly lost their effectiveness. This was because they were seldom supported by the local population which quickly lost patience with their constant demands for food and provisions.

Considering how violent the resistance groups could be, it was surprising how ineffective

they were militarily. France, whatever General de Gaulle may have thought about it, did not liberate itself.

The war was partly because, until late in the occupation, the resistance movements were tiny. They only expanded rapidly in the summer months after the Allies landed in Normandy.

Another reason for their lack of military impact was that the resistors were inadequately armed or trained to play a significant role in the liberation. Although by D-Day the Allies dropped sufficient weapons to arm 500,000 resistors in France, their ability to take on the Germans successfully in anything except hit and run raids was limited.

When resistance movements did fight in fixed battles, whether at the Plateau des Glières or in the Vosges, the results were uniformly disastrous. When the Allies prepared to land in Normandy, none of the 50 German divisions ready to meet them had been diverted to deal with resistance. In General Eisenhower's 149-page report on the liberation of western Europe, the French resistance is given just one brief paragraph.

France's experience was not unique. In Italy too, attempts to hold ground were disas-

trous. In the summer of 1944, a free republic was set up between Lake Maggiore and the Swiss frontier, containing 82,000 inhabitants and controlling 1,800 sq km. In October, about 3,000 Germans and Italian blackshirts out-battled 6,000 partisans and recaptured the area in just two days of fighting.

Even on the eastern front -

She wonders whether if she made a fuss about the man with the green beard, her sister might still be alive

normally presented as a paradigm of resistance - partisan activity was of limited military value. An authoritative American study** of the effectiveness of 500,000 Soviet partisans concluded that their material accomplishments were very limited, and there was no evidence they ever seriously impaired the Germans' ability to fight Soviet regular forces.

John Keegan, military historian and former Sandhurst lecturer, is clear about the military effectiveness of partisans: "Resistance was quite immaterial in the liberation of Europe. Germany was defeated by the fire-power and heroism of infantry soldiers on the ground from the US, Soviet Union and UK. It is as simple as that."

The patchy record of European resistance was hardly surprising. Much depended on history - the political, social and religious predilections of the various countries, and the regions within those countries.

Geography also played a role. Military resistance in the flatlands of Denmark or the Netherlands was always going to be more difficult than in the Balkans or the Alps. Much also depended on the reactions of the Allies and Axis: German behaviour varied considerably between different countries, while the Allies, and particularly the British, often had reservations about arming partisan groups.

Yet the view that the resistance movements were largely unpopular and ineffective remains historically heretical. Few have had any reason to challenge such myths - neither the nationalist right, nor the communists who played such an important role in resis-

tance. And historians have had little incentive to undermine the consensus - neither domestic specialists, nor those regularly invited to continental conferences to present placatory papers.

Resistance movements may not have liberated Europe militarily. What they did do is liberate the continent from the guilt of occupation and collaboration. After the liberation, it was in the interests of all concerned to exaggerate the importance and popularity of resistance.

Once it was accepted that these were significant, mainstream and popular movements, then any domestic fascist experience could be dismissed as an aberration. The importance of resistance, then, was not military but political, and above all moral, because it gave back these countries their national self-esteem.

To challenge the military significance of partisans, or highlight their unpopularity does not denigrate their memory or deny their bravery. The fact they were so few demonstrates how extraordinary these men and women were. Hundreds of thousands of partisans were killed in Europe's forests and mountains, or perished in the squalor and degradation of



French resistance fighters point out German defence positions to an American officer

Nazi concentration camps.

But others paid a heavy price too: those like the 14 women aged between 18 and 75 who were killed by the resistance in Haute-Savoie during July 1944. Or the 44-year-old deaf mute farm-worker shot by resistors in a case of mistaken identity. Or like Dominique Lathuille's sister, or her three

brothers killed during the war, two of whom died fighting maquisards.

Dominique, now in her late 60s, lives far from the family farm. Each year, she commemorates the deaths of her four siblings. And she wonders whether if she had made more fuss about the man with the green beard, her sister might

still be alive. She is not bitter and has even forgiven. What she will not do is forget.

* M. Mazower: "Inside Hitler's Greece". Yale University Press, 1993. ** H.R. Kedward: "In search of the maquis", Oxford University Press. *** J. Armstrong (ed): "Soviet Partisans in World War Two", Wisconsin, 1964.

PERSPECTIVES

A little light shines on Stalin's best features

John Lloyd visits a museum in the former dictator's home town and asks some searching questions of its enthusiastic 'scientific secretary'

Zhuzhuna Chinchikashvili shook her head, laughed gaily, and said: "I know you foreigners. I know what you will ask about him."

Chinchikashvili is Georgian but could be described in terms normally used of an elderly, eccentric English lady: charming, a little dotty, consumed with some interest and terribly anxious to explain it to others. An attentive woman, she laughs often and is anxious to make visitors comfortable in her bare, cold workroom.

The subject of her interest is Joseph Stalin whom, clearly, she adores. She is "scientific secretary", or head researcher, at the Stalin museum which stands near his statue in the central Georgian town of Gori. She is particularly happy because, by an order of the Georgian government signed in October, the museum will also become the Centre for the Study of the Stalin Phenomenon. Chinchikashvili leaves no doubt that it will be the Centre for the Restoration of the Reputation of Stalin.

Upstairs, in a series of large, handsome, echoing rooms, is an exhibition, mainly of photographs and quotations from or about Stalin. From these have been purged - as rigorously as the dictator purged his Communist party - all mention of the forced collectivisations and the resulting mass famines; the slaughters within the party, the military and even the NKVD (former KGB); the gross strategic errors at the beginning of the second world war; the renewed terror and anti-semitic campaign after the war; the atomisation of society; the forced remoulding of culture; the destruction of the churches; the creation of a culture of fear and betrayal.

"Ah now," says Chinchikashvili, when a few of these absences are put to her (thus confirming her view of what foreigners ask), "let me give you an example of what you are asking about, and of our work here. There is a famous photograph of Stalin with Lenin (taken after the revolution on Lenin's estate at Gorky, with the two sitting on a bench) which many said was a montage. We researched this and found in an archive a negative of the original photograph, which proved it was not a fake. There you are, you see."

In Chinchikashvili's world, the discovery that Stalin actually did sit beside Lenin on a bench one day, outside a dacha, is on all fours with a discovery that all of those who were executed in the 1930s were guilty of treason against the state, or that the famine victims were on

hunger strike (the first of which she does not rule out in the future, when the Centre for the Study of the Stalin Phenomenon gets under way). Invited to address the point that a fake photograph proving to be real cannot be equated with mass murder, she made the following points:

■ The museum was established in 1957, following a decision made before Stalin's death in 1953. Thus, it was brought into being long before any winds of scepticism were allowed to blow.

■ The exhibition upstairs had been constructed in 1979, on the 100th anniversary of his birth. This was a time (she did not say this) when, although Stalin was not rehabilitated officially, he was recognised quietly as the man whose work in founding the system had led to those succeeding him being able to enjoy the fruits of their power.

■ There had been a proposal to re-organise the exhibition in 1988, at the height of Mikhail Gorbachev's reforms. Instead, it had been closed down, only to re-open, untouched, in 1993.

■ Finally (and this was the clinching argument): "Many, many of the people who were purged from the party were guilty. Not all were innocent. It will take a great deal of research to determine who was innocent and who guilty."

"I don't know what the legacy of Stalin will be," she added. "I know only a little about Stalin (she has been working in the museum for 20 years) but, the more I know about him, the more versatile he appears."

Upstairs, the versatility of Stalin is displayed selectively. You enter the first of the rooms between two busts - one of him as the older man, the other of the youth. Inside are the scanty details of boyhood.

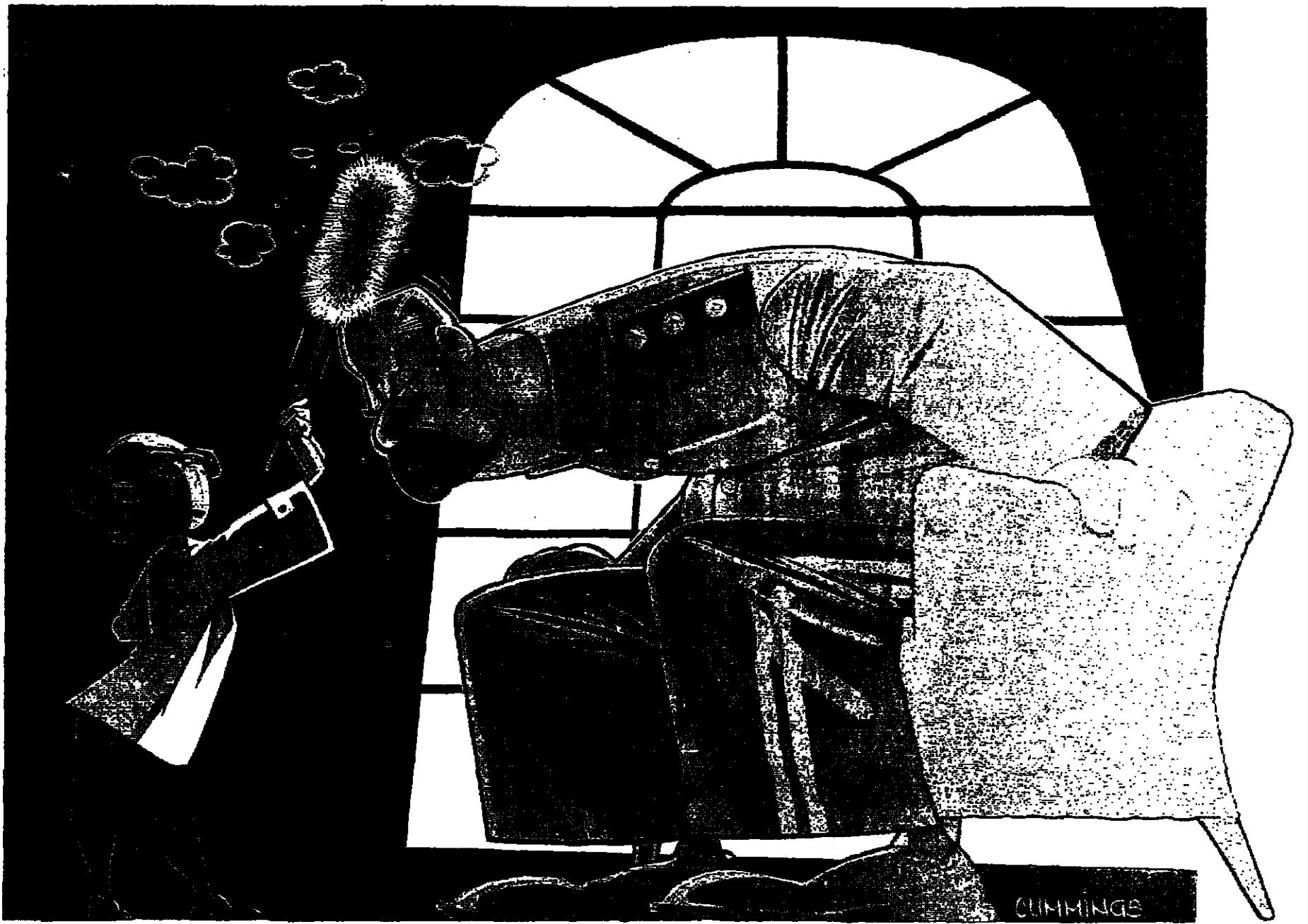
There is Stalin the student at the Tbilisi Orthodox Seminary: he hated it, no doubt scorned as a provincial and subject to harsh discipline.

In a later memoir, reproduced here, he gives it as a main reason for turning to Bolshevism - much as, 40 years later, some English Marxists and spies would cite the beastliness of their public schools as the reason for embracing both revolution and loathing their country.

He became a Bolshevik at the seminary, reading Axelrod's *The Tasks of Russian Social Democracy* and Lenin's *The Development of Capitalism in Russia*.

There is Stalin the revolutionary, agitating among Tbilisi railwaymen and Baku oil workers, selling pamphlets and newspapers of the illegal Bolshevik press.

A professional revolutionary, he



was often caught and exiled - a map shows the journeys to and from Siberia. There is little on the revolution itself - Stalin played a secondary role to Lenin, and also to the unmentionable Trotsky.

But the civil war is featured on another map, which shows Lenin and Stalin in Moscow, directing operations on all fronts. Again, there is little on the debates in the party in the 1920s - but much on industrialisation, with a photograph of Stalin taking delivery of the first limousine to be produced from the Moscow plant which bore the name 'Factory Named for Stalin' - the Russian acronym for it was ZIS, now ZIL.

The war is the climax of the exhibition. Nothing of course on the Molotov-Ribbentrop pact which

divided eastern Europe - but much on the Generalissimo as commander, the Generalissimo reviewing the parades in Red Square; much on the love of the soldiers for the Generalissimo - praising him in letters, fighting for him at Stalingrad and Leningrad, dying for him.

There is a great deal on the summit at Tehran, Yalta and Potsdam - Stalin in marshal's uniform, looking energetic beside an ailing Roosevelt and a slumped Churchill. Closing over the last years, the last of the main halls is a rotunda with pictures from his childhood to just before his death: to one side stands a little family shrine, with pictures of his first and second wives, and children.

Yakov, Stalin's son by his first wife Catherine Zvanidze, died in a

German prison camp, and wrote to a friend before his death: "If you see my father, tell him I never betrayed him." Such a plea was made, unavailingly, by millions who died in Soviet prison camps. The guide says that General von Paulus offered to free Yakov in return for a high ranking German prisoner: "War is war," replied the Father of the Nation, and refused.

The finale is in a windowless room: since electricity is a rare occurrence in Gori, there are no lights. You go up a little ramp, around mock classical columns of the kind the Stalin era buildings often incorporated, and stand in front of the death mask, made a day after his death.

A little light comes in through the corridor from the hall, falls

across the face, barely enough to illuminate the features. A fitting commentary on the exhibits in the previous rooms, and on the work of Chinchikashvili.

Perhaps not quite, though. For in the rows of photographs, quotations and exhibits, one can glimpse something of how it was.

The sheer power of the creation of the myth is still, more than 40 years on, evident - both in the determination to project the complete lie, and in the reality which lay beneath it.

The cobble's son from Gori becomes ruler of one sixth of the world and sits beside an American capitalist and an English Lord to decide the future of a large part of the rest of it.

Of course the myth must be purified - one can see, a little, of the necessity for it, both in the withering displays and in the hyperactivity of Chinchikashvili, her huge agendas of research stretching far beyond any conceivable span of her life.

A little of the religious power still touches - for it is clear that love is conjured from those who tend the shrine by the same attributes Christians and other believers give to their God: great wisdom, great charity, great cruelty.

"Let me," says Chinchikashvili, "and our interview with the words of Winston Churchill. Whatever the world will say about Stalin, he said, neither his country nor his people will ever forget him."

Nor, while she has anything to do with it, will they be able to remember him either.

Lunch with the FT / Pat Walker

Queen of the popular drama

Author Gillian White continues to seek her fortune

In spite of a prolific output - eight romantic historical novels and eight psychological thrillers in 10 years - Gillian White is not a name well known in literary circles. Neither, to her fury, have her books made her rich.

With a little luck though, and help from the BBC, White's fortune may be on the turn. A recent adaptation of her fourth novel, *Rich Decider*, was watched by 11m people on BBC1 and earned the accolade "best drama of the year" from *The Sun's* TV critic.

The *Sun's* TV critic, adapting two more of White's books, for broadcast this Christmas and next year. Her latest book is due to be published in 1997.

On the telephone from her home in Totnes, Devon, she accepts an invitation to lunch with the FT. "But you'll stand those hard veggie and that bloody meat they serve up in London."

At Totnes station White, cigarette in one hand, plastic carrier bag in the other, is sending off a porter, promising her autograph if only he will let her greet her visitor. Local publicity has made her into a celebrity in her own country.

White's heroines are victims - of their own inadequacies, of officiousness, pomposity and the self-seeking. Like Ellie Freeman in *Rich Decider*, before her £2m pools windfall, they are poor and hindered in their struggle for self-respect by a natural assumption that "they" are better than "us".

How does this empathy with the underdog come to someone who had everything money could buy: a public school education and a millionaire adoptive father who, she says, "practically owned Liverpool, certainly the docks". In the 1950s and 1960s?

"I met those people in reform

school," she says, taking a sip from her aperitif. "I ran away from boarding school over and over and behaved so appallingly I was sent away - in need of care and protection was the official reason. When my kids asked me what I did in the 1960s I told them I was locked up. Missed it all."

She orders a second Ocean Mist, a cocktail of aqua, gin, blue curacao and lemon, and picks at the salmon and pâté canapés. We are alone in the lounge at the Burgh Island Hotel, a green and white ocean liner of a building on an other-

'When my kids asked me what I did in the 60s I told them I was locked up. Missed it all'

wise uninhabited island off the south Devon coast.

At low tide guests normally walk the 300m from the mainland at Bighury-on-Sea across the sand flats. Today rain and waves dash at our faces and feet. But the hotel owners had watched *Rich Decider* on TV the previous weekend, and they have sent a Land Rover to take us across.

It was here that Agatha Christie wrote two of her books and where Edward and Mrs Simpson came to escape prying eyes. But we are alone and remain alone throughout the meal, the only people willing to brave the elements.

White lights up - she is to chain-smoke throughout the meal - and chooses sirloin of beef (well done) with roast shallots in a madeira and garlic crust. My fillets of John Dory come with chives on a

bed of saffron tagliatelli and sweet peppers. No starters as we both fancy the mango crème brûlée and with the pair of us hovering around a size 16, three courses are out of the question.

"We'll have a bottle of the Chateau-neuf-du-Pape. That's what Dad always ordered when he took us out in Liverpool, so it must be good."

She continues: "It was so unfair. Boys in reform schools were aristocrats or thieves. Ninety per cent of the girls were simply in need of care and protection. I was so unhappy I wrote to Lord Longford and he invited me to tea at the House of Lords. There I was, a naughty, disobedient, behaved girl, being introduced by Lord Longford to his friends and treated like a normal person."

"Before my books and especially before TV I was full of anger. Now I have a say and can get my own back. I'm not angry any more. But I'll carry on writing books just to be famous and to have enough money for my husband to give up his ghostly job."

Here are shades of *Rich Decider* heroine, Ellie Freeman, who bought her husband out of a dead-end, soul-destroying job in a warehouse when she came up trumps on the pools. But Ron White is chief sub-editor for a series of west country regional papers and surely not in need of rescue.

White snorts. "Gruesome, soul-destroying." Harking back to her days as a weekly paper reporter in Essex, she says: "They hardly employ trained reporters any more, and those they do are paid a pittance. The rest are people at home with no training who send in copy that takes hours to turn into stories fit to print."

For the first three months of



Gillian White condenses literary self-analysis

CJP Photography

her life, abandoned by her unmarried mother, at a time when middle-class families did not acknowledge illegitimate offspring, White was left in a home. When "Dad" came to pick her up and take her to Liverpool he sent a telegram on ahead. "I've got the baby. She's the most beautiful thing you ever saw." It is one of White's most treasured possessions.

"You see it even in puppies," she says. "The first born, days and weeks are the most important in any creature's life. Because of needless bureaucracy, paperwork, I was left there for three months without any love. I'm certain that's where the anger came from and my loathing for people who intimidate others."

In spite of some seemingly obvious parallels between White's characters and her own experiences, she condemns literary self-analysis and introspection as "pretentious crap".

"Writing is a craft," she says. "My stories are fairy stories; and I write them because a good friend once asked me what I did all day. Not a tactical question to put to the mother of four teenage chil-

dren, but evidently effective.

By the time the crime thriller appears the sea has covered the sand flats and waves are crashing on to the island. White thrusts a letter across the table from the BBC drama department citing *Rich Decider* as "a new shining example for our BBC1 popular drama".

She pours a second coffee from the cafetière as Beatrice Porter, who owns Burgh Island with her husband, Tony, rushes in to say we should leave immediately or be stranded for the night. There is just time to pay the bill.

We are then bundled on to the specially adapted vehicle which is the only thing capable of getting us back to dry land. On the quayside is Daniel, White's third child and only son. He is to drive us back to Totnes station, 45 minutes away.

"You've made it, Mum," he says. "Someone phoned in to *Points of View* complaining that *Rich Decider* was too disgusting to be shown before the nine o'clock watershed."

"Wonderful," says White. "More fame." She lights another cigarette.

Fishing / Tom Fort

Pride and the salmon debate

A couple of centuries ago salmon swarmed up the Thames, and the London apprentices - so the dubious old story goes - were contractually protected from having to eat it more than once a week. This was all very fine for the salmon, and for the ungrateful apprentices (I would like to know what else they were sooting to be so particular). But the world has moved on since then.

In those days there was nothing to inhibit the fish from journeying to the upper reaches of the river, or its tributaries, to reproduce. Man had not yet got round to blocking its path with weirs and locks, nor to poisoning it. Now the poisoning is done with, and the water of the Thames is clean enough for salmon again. But the great system of obstacles with which our forefathers bent the river to their will remains. And the ambition of this generation of river managers to bring back the salmon is as far from fulfilment as ever.

When I wrote about the project a few years ago I was swayed by the romantic character of the goal, although I knew it would cost a great deal of money and effort, and that its prospects were clouded with uncertainty.

I should have seen more clearly that this grand design, to stimulate a significant self-sustaining run of fish, owed more to pride than a true and useful concern for the river's well-being; more to the longing for a PR coup than to a sensible assessment of the realities.

It was all brought home to me by a fatuous story in one of the newspapers recently. It asserted that anglers were taking so many salmon from the Thames that the National Rivers Authority had decided to activate a by-law restricting

catches to two salmon a fisherman a day. No figures were given for catches, nor for the number of cases in which the by-law might theoretically have been activated. There was one statistic: the total number of salmon going up river during the whole of last year, which was 238.

Forget about the depredations of anglers. This is a wholly bogus top line for a story which is about something else entirely. And that is that the run of salmon in the Thames is so minuscule as to be negligible. Nor, in spite of all the work of the last 20

years, is it getting any greater. If anything, it is declining.

The central plank of the restoration programme is the construction of fish passes on the weirs, to permit the salmon to make their way to their spawning grounds. These passes cost around £80,000 each. Thus far a score of them are in place, opening the route as far as Reading.

At Reading, the Thames receives its most notable tributary, the Kennet. This is deemed by the NRA to offer the greatest potential for fruitful spawning. But the Kennet, too, is broken by weirs and locks for many miles. Plans are being drawn up for a further 18 fish passes, to give access above the weir.

When all this is done, when all the millions of public and private money have been spent

(to be fair, most of the fish passes have been sponsored), when spawning grounds have been cleaned and made ready, when the results of untempered stocking, tagging and radio-tracking initiatives have been studied - then, the NRA says, it should be possible to tell whether the purpose of the venture "is likely to be achieved".

This, then, is the subtext: the acknowledgment by those most closely involved in the project that it may prove to be impossible to achieve. This might be all very well if the NRA was so awash with cash that it could afford to pursue any rosy whim. But it isn't. As government grants become meagre, it is becoming more and more strapped, and the situation is unlikely to improve when the NRA is subsumed into the new Environment Agency.

Meanwhile, we become accustomed to hearing that "resources are insufficient" for a mass of necessary work. A host of worthwhile schemes from investigating the mysterious salmon plague on the Tyne, to restoring Upper Wye spawning streams, to reviving rivers stricken by drought - are neglected.

I recognise that in PR terms the allure of the Thames salmon programme is dazzling. The silver fish becomes the symbol of the work done to nurse the river back to health. But that triumph has been achieved. We do not need the salmon in the Thames, nor does it make sense any longer to persist in the efforts to put it there. Let the money, whatever there is - and the energies of those who care so passionately - be deployed where they are truly needed.

Tom Fort's book *The Far From Compact Angler* is published at £16.95 by Melvin Unwin Books, 55 Broad Street, Ludlow, Shropshire SY8 1GQ.

FOOD AND DRINK

Cookery

Pleasant ways with pheasant

Philippa Davenport enjoys getting the bird – especially the first of the season

Bang go the guns. Whirr, plummet and thud go the birds. This is the season when the game larder wall grows ever more densely covered with feathers, and the wives of some keen shots tell me they despair of ever again being able to choose what they cook.

The first birds of the year are cause for celebratory feasts but as the season progresses the desire of some cooks to be spared so many pheasants and partridges grows stronger. Increasing numbers of birds are pressed on city friends, and more little corpses are hidden away, like guilty secrets, in the icy dark of the freezer. But no sooner is one bag dealt with than the trophies of the next onslaught come into the larder.

The freezer brings only temporary relief. The contents have to be faced sooner or later. Along with that batch of Seville oranges there was never quite time to turn into marmalade, there may well be the begged bodies of birds from last year's shoot and finished dishes packaged under illegible half-torn labels.

As it happens there are not many guns among my family and friends so I do not often find myself in possession of so much game that I grow tired of it. What is more, my strong British taste for plain roasts of all sorts holds me in good stead at the beginning of the season, when birds are young enough to roast with certainty. Pheasants are probably at their best in November but partridge may be a little past their prime by now. If in doubt it is wise to pot-roast rather than open roast them. For this purpose I use a heavy flame-proof casserole. Brown the partridges all over in it in a little butter, then slip a slice of onion under each bird. Pour on a few spoonfuls of liquid – stock, cider, wine, fortified wine, or a mixture – lay butter paper over the breasts of the birds, cover tightly with the lid and cook over a simmer mat on top of the stove or in an oven heated to 375°F (190°C) gas mark 5 until done. Our grey-legged natives should need no more than 25 minutes; the larger, less gamey and less highly regarded red-legged French sort may need a bit longer.

Because pot-roast birds come to table with their own exquisite gravy, pureed or mashed potatoes partner them better than game chips. Celeryiac mash is my current favourite choice. To make it you need equal weights of peeled, celeryiac and floury potatoes, steamed or boiled and blotted dry. Butter them generously, add a dollop of thick cream, season well with pepper, Dijon mustard and some crushed celery seed or pure celery salt (not a celery salt mix) and mash to a very smooth puree. Rougher textured and agreeably fruity, is celeriac and apple mash. For this you need about two parts celeriac to one part sharpish aromatic dessert apple. Steam the vegetable, saute the fruit and crush the two together with butter, salt and pepper. This goes well not only with partridge and pheasant but also with turkey,

goose, gammon, pork chops and sausages. The blandness of a puree needs textural contrast. Crisp peppery watercress provides fresh foil and extra vitamins. Twice fried breadcrumbs supply rich crunch. Fry the crumbs in butter until pale golden brown. Moisten them with a splash of sherry and add a scattering of toasted pinhead oatmeal, stir to mix everything well and continuing frying until the alcohol has been absorbed or driven off leaving the crumbs extra crisp and well flavoured.

Pheasant more than any other bird has a reputation for being exceedingly difficult to cook so that both breast and legs are good to eat. If the breast is just right, the legs are almost always underdone; if the legs are ready, the breast is dried out.

Pot-roasting on top of the stove is a good solution because the thighs are closest to the source of the heat while the breast cooks more gently in the rising steam. It works best of all if the breast is given the added protection of butter paper laid over it and some butter or other lubricating agent smeared between the flesh and skin of the breast. The only trouble is that the breast skin of a pheasant is often punctured by shot or torn in plucking, so the lubrication leaks out long before completing its task.

Increasingly I am coming to the conclusion that pheasant may be better cooked in joints rather than whole, and almost all pheasant casserole recipes are improved if the quickly-cooked breast portions are added only after the other parts have been given a good head start. That way everything will complete cooking simultaneously.

Even more to my liking is the practice of using the different joints in different ways. Stir-fried and sauteed breast of pheasant dishes tend to be admirably fast work, and the choice of flavourings and finishing sauces that can be employed invites plenty of creative scope for the cook.

In my household at present we are particularly partial to a dish that could be described as a modern Moghul interpretation of that ultra-rich classic, *faisan à la normande*. To make it, pheasant breast meat is cut into strips and tossed in a mild and fragrant mix of coarsely ground curry spices. The pheasant is sauteed with a little diced apple and onion and laid on a bed of cardamom rice. The spicy pan juices are deglazed with a little cider and stock and reduced by half. Finally, the sauce is enriched with 2-3 spoonfuls of *crème fraîche* and poured over the pheasant for serving.

Pheasant legs can be devilled or braised. Or the meat from the breast carefully stripped of sinew, can be mixed with, say, crumbled Toulouse sausage, onions and chestnuts or mushrooms and herbs. This flavour-some mixture is excellent lightly fried, wrapped in cabbage leaves (as though making *dolmades*) and braised. For more contemporary presentation, use it to make individual



stuffed baby cabbages.

Perhaps the cleverest way to deal with a surplus of pheasant legs is as suggested by my friend and colleague Nicola Cox, who turns them into a luscious confit to store in the larder. In other words she salts, cooks, pots and preserves pheasant joints in duck, goose or pork fat, just as French cooks traditionally make confit of duck or goose.

The recipe, which is surprisingly simple, is spelled out in detail by Nicola Cox on *Game* (Victor Gollancz, £18.95), a book which no self-respecting game cook should be without. To serve confit of pheasant, simply try the joints lightly in their own fat until heated through. Serve them with potatoes fried in the same fat and offer a large salad dressed with mustardy vinaigrette on the

side. The result is comfort food of the first order, fast. And so, finally, to the pheasant carcasse. Brown it and simmer it to a rich stock for one of the simplest and best game soups in the world. Serve it under a puff pastry lid for *chichou*, or with a few lentils swimming in it and porcini croustini on the side for a mock-rustic effect. A fine end for a fine bird.

Whisky / Giles MacDonogh

A fake which is a little masterpiece

Just how geography affects the taste of whisky is the subject of debate. Water must account for some of the taste of an individual malt, but probably not much: some widely different whiskies are fed from the same spring. What little soil character there is, however, would come from the source. Some whiskies use hard, mineral-rich water, others lean and soft.

With one exception (Macallan on Speyside), barley is selected for its efficiency, not its taste. Then there is the air which fills the casks as the whisky gradually evaporates. If the distillery is on the coast, or lashed by the waves of a sea loch, such as Bowmore on Islay, the air cannot fail to add a savoury touch.

The role of the oak cask is the subject of many studies, but there are factors which are even now only dimly understood: those concerned with the design and engineering of the still and the running of the distillery.

Ignorance of how these altered the nature of a given whisky led many distillers to tear out their old stills and radically alter their capacities in the prosperous 1960s. Some of the rare bottlings in the better wine and whisky merchants are the last memories of these distilleries before they changed; almost invariably for the worse.

One whisky which excites the attentions of malt fans around the world is Clynelish. The distillery is in Brora, just a few miles north of Dunrobin Castle on the Sutherland coast. Dunrobin is the seat of the Dukes of Sutherland and the distillery was opened in 1819 by the then Marquess of Stafford, who became the first Duke some time after his sensible decision to marry the phenomenally rich Countess of Sutherland.

It is often said that Stafford built the stills because he needed to dispose of his excess barley. It was he who unleashed the notorious Highland clearances. After he had banished 15,000 poor crofters

from their land there was no one left to consume the corn.

Stafford's distillery was called Brora. Later its name changed to Clynelish. In 1925 it fell into the hands of the Distillers Company which built a brand new distillery on an adjacent site in the boom years of the 1920s.

The new stills were ready in 1927 and the old Clynelish was duly mothballed. Its ancient buildings only preserved by propitious listing.

Then something remarkable happened: Distillers had run short of stocks of Talisker whisky for some of its brands. Talisker was and is a pungent whisky from Skye with a characteristic "peat reek".

As the equipment in the old

The old Clynelish is a ghostly place now. You can still see the scars where the old washbacks have been pulled out. The floors are coated in a thick carpet of bird droppings; but the stills are in place, and Bob Robertson, the manager thinks it would not be too difficult to get the place up and running.

Up at the new distillery it is clear to see that the new stills were built in imitation of the old, except that there are three times as many, an indication that production was increased by 300 per cent.

Clynelish is still a lovely whisky and there is no indication that quality has dropped since the move. The standard 14-year-old has a sweet, unctuous, honey and heather style typical of a Highland malt.

There is no island character discernable on the nose. If there is a salt tang from the sea a mile or so down the road it is very mild. The finish is very sweet, oily and rich.

I tasted "Brora" 1872 in a Gordon & MacPhail bottling of 1955. It has an intensely peat nose, with a strong leather, iodine character. On the palate there is a sweet, almost rose-petal-like character of Clynelish; and it has the sweetness. With its honeycomb finish it is a wonderfully complex whisky. Here is a fake which is a little masterpiece in its own right.

Information: The 14-year-old Clynelish is available from *Justeri & Brooks* (0171-499 4633), *Tanners* (branches: 01743-232400) or *Lea & Sandeman* (branches: 0171-376 4767) for around £27. *Lea & Sandeman* also stocks a *fine-sherry-cask-aged 25-year-old* at £35.15.

The 1972 Brora is available from *Gordon & MacPhail* (01343-540155) at £33.25. Oddbins has a 25-year-old (cask strength) at £32.50. *Mitroy's* (0171-487 0833) stocks both the 14-year-old Clynelish (£28.50) and the 1972 Brora (£37.50). It also has a *Gordon & MacPhail 12-year-old Clynelish* at 57 per cent (£35.50) and its own 11-year-old at 65.5 per cent at £29.50.

A decision taken to avoid confusion has caused more than anyone could imagine

Clynelish distillery was still in working order. Distillers decided to fake Talisker there by supplying the old distillery malt with a powerfully peaty character derived from the use of peat in the drying process.

The precise date when this "island style" whisky first ran off the stills can be more or less accurately determined from the ledgers at the distillery: 1968 or 1969. In 1968 the old distillery was closed again. Presumably production had stepped up at Talisker and the real thing was deemed better than the imitation.

During those 14 or 15 years, blenders knew the old distillery as Clynelish "B". The new one was naturally Clynelish "A". Some of the whisky was sold to independent bottlers as Brora, however – a decision presumably taken to avoid confusion, and which has created more confusion than anyone could have imagined.

Sale to lift the spirits

Paying £500 for a bottle of White Horse whisky might seem on the steep side but that is what will be expected of you at Christie's in Glasgow on Wednesday when it auctions more than 300 lots of whisky.

The White Horse dates from 1934 and a bottle from this year has never previously been offered in the saleroom. It will appeal to collectors aiming to acquire a complete run of White Horse – until the 1950s distillers dated their spirit on the bottle.

The White Horse will not be opened: it will fill a gap in the archive of a Japanese, Italian, or American enthusiast. For most of the buyers at a Christie's whisky auction are collectors rather than drinkers and from around the world rather than the UK. But they are a growing band. Christie's has held an annual sale of whiskies in Glasgow since 1989, but has been forced to introduce a second auction each year to satisfy the demand from buyers. Unlike fine wines, whiskies were not traditionally looked away in cellars and given time to mature. They were consumed, which means that old bottles, even from the leading distilleries, can be rare. On Wednesday a bottle of Grant's Stand Fast, dated to before



This bottle of The Borderers Blend Fine Old Malt whisky is expected to fetch between £400 and £500 at auction

1920, carries a top estimate of £600 because little from Grant has survived.

Survival was even more hazardous for the whiskies from the hundreds of small distilleries which have long disappeared: once Scotland supported over 800 makers, now there are around 100. What really excites a collector is a late 19th century whisky from an obscure distillery, ideally in an intriguing bottle, and with its original label. A bottle that is believed to contain Glendullan which meets all these demands could approach a £1,000 next week.

The top price paid at Christie's for a whisky is the £6,375 which secured a 60-year-old Macallan, distilled in 1928, in 1991. Only 500 bottles of the 1928 were produced. Its price at auction has risen steadily. A bottle of the 60-year-old, which would have made £1,200 in 1989, could now sell for £3,000.

Not all whisky prices have risen, not even Macallans. A bottle of the '38, once changing hands for £550, is now nearer £400 because the high prices tempted more on to the market. The same factor has halved the price of the Glenlivet of 1988 to £100. It is the rarities that are fought over.

Unlike most 19th century wines, whiskies of the same period should be drinkable, even the bottle of 1875 from an unknown distillery, priced at up to £700. So while the connoisseurs bid up to £1,200 for a late 19th century bottle of Craigellachie Rare Reserve, drinkers might be interested in the reasonably estimated assorted cases, priced at up to £400, which should provide many evenings of pleasure.

For further details ring *Martin Green at Christie's* (0141-222 8134).

Antony Thorncroft

NEW ZEALAND WINE GUILD CHRISTMAS TASTING

The Zealand Wine Guild will be holding their 5th Christmas tasting at Vintner's Place, Upper Thames Street, London, on Wednesday 6th December from 6.00-8.30pm.

Over fifteen companies will be showing a wide selection of premium quality New Zealand wines, including new releases from the 1995 vintage.

The historic Vintner's Place provides an excellent tasting venue, and also offers superb views of London by night.

If you would like to join us on the 6th, please send your ticket application, stating the number of tickets you require with a forwarding address, and daytime telephone number, to the New Zealand Wine Guild, 6th Floor, New Zealand House, 80 Haymarket, London SW1Y 4TE.

Tickets for the tasting are £15.00. Please make your cheque payable to the New Zealand Wine Guild. No credit cards can be accepted.

Ticket applications must be received by Wednesday 29th November.

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Appetisers

Switzerland is producing a far wider range of wines than the casual visitor to the ski slopes might imagine.

There are ambitious Merlots from the Italian-speaking Ticino, fine Pinots from the German-speaking east and some heady whites and ripe Syrahs from the top of the French-speaking Rhône valley. The problem for outsiders is finding more information.

Canadian diplomat John C. Sloan has written and published an admirably thorough paperback guide, *The Surprising Wines of Switzerland* (£10.50) which can be bought at Books for Cooks, 4 Blenheim Crescent, London W11, or ordered from JCS Communications, London SW1 (tel/fax 0171-730 1357). Individual winery profiles

are available to German speakers in Walter Kimm's pocket book called simply *Schweizer Weinführer* (AT Verlag of Aarau, 1992). Harrison Vintners, London EC1 (0171-236 7716) offers probably the best range of fine Swiss wine in the UK.
Janet Robinson

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FOOD AND DRINK

One likes to make a fool of themselves. This was a phrase I kept repeating, as I sat on the dais of the hall in Westminster School, London, along with several other "expert" tasters contemplating a tray of 10 varieties of Cheddar cheese.

Worse, I had volunteered to make a fool of myself. Randolph Hodgson, of Neal's Yard, Covent Garden, London, is one of the people responsible for the renaissance of farmhouse British cheeses, and when he asked me to join a tasting panel to discuss the nature and flavours of different cheddars I agreed promptly.

It was the least I could do for all the delicious cheeses he had introduced me to in his shop. My fellow tasters were: Michael Schuster, a wine tutor; Jamie Montgomery, a Cheddar cheese maker; Win Merriall, cheese buyer for Marks and Spencer; Iain Mellis, owner of cheese shops in Edinburgh and Glasgow; and Martin Biggs, a technical expert.

I felt reasonably confident about dealing with the cheeses but it was the audience I was worried about. The tasting was being held during the afternoon of the annual gathering of the Specialist Cheesemakers' Festival and the audience of about 100, all of them with similar trays of cheese balanced precariously on their knees, comprised some of the UK and Ireland's finest cheese makers: Edward and Christine Appleby; Michael Davies, from the Dorset Blue Cheese Company; Humphrey Errington, who makes Lanark Blue in Scotland; and Norman and Veronica Steele who make Milleens in Cork, Ireland. What could I tell them about cheese?

There were five pairs of Cheddars, none of them specified as to origin or producer. All we were told was that 1A and 1B were from the same farm, one 22 months the other 14 months old; 2A and 2B were different Cheddars but from the same producer and made in the same month; 3A and 3B were from the same producer but one using pasteurised, the other unpasteurised milk; 4A and 4B were block Cheddars from different producers and, finally, 5A and 5B were described simply as "other Cheddars".

What was extraordinary about the cheeses was the range of colour. The 22-month-old was deep golden, going



Randolph Hodgson: helped in the renaissance of British farmhouse cheese

Say Cheddar cheese, please

Nicholas Lander joins a tasting panel to discuss some very different flavours

brown at the rind and the cheeses grew paler so that Cheese 5B was almost anaemic.

Herewith my first mistake. What for me was the most attractive cheese in appearance - and the one I would certainly have bought on looks alone - was not the best tasting. The cheese I described as anaemic looking turned out to be a Cheddar from the Isle of Mull, Scotland, a cheese I have bought and enjoyed from its charming maker Chris Reade who was in the audience.

The professional cheesemakers on the panel were quick to point out that a Cheddar's colour is highly dependent on cat-

tle feed and the temperature at which the cheese is made. A paler Cheddar is invariably a winter Cheddar made from less rich feed at cooler temperatures. Sure enough, the deep golden Cheddar, 1A, was made by Keens on June 22 1994 while the palest cheese, 5B, was made in the Isle of Mull in December 1994.

All the non-professionals on the panel had, however, already committed one unprofessional error - asking for knives to cut the cheeses. These had been refused. Jamie Montgomery explained the way to judge Cheddar by breaking a piece off with your fingers and rolling it between thumb and

forefinger. He added: "There must be a certain spring in the cheese. It must not disappear to butter otherwise we reject it straight away." We amateurs quickly got the hang of this and were soon rolling the cheese between forefinger and thumb like real pros.

The occasion soon resembled a wine tasting in that once the first few cheeses had been tasted comments began to flow much more freely. One person found a strong smell of sulphur on the block cheddar.

When food writer Matthew Fort tried to codify the British preference for Cheddar as nutty, firm and with a very full flavour, he was countered by a

Frenchman in the audience who sells Quicke's Cheddar in France and Germany. His customers, including the cheese buyer for the large French chain Carrefour, like the softer and creamier versions.

When Hodgson identified the cheeses, as is common in "blind" tastings, the results made fools of everyone. Jamie Montgomery had failed to recognise Cheddars 2A and 2B - although he had made them both.

At least 75 per cent of those present thought 3A, the cheese made with pasteurised milk, was made with unpasteurised milk and everyone was impressed with the quality of

4A and 4B, block Cheddars from Taw Valley and Claps Farmhouse, which appear on supermarket shelves rather than in specialist shops.

More importantly, perhaps everyone was left humbled by the invaluable lesson afforded by a blind tasting. And it confirmed for me just how magnificent a cheese a top Cheddar, such as Montgomery's 14-month-old, can be.

Stockists of mature Cheddar include: Neals Yard Dairy, WC2 (0171-379 7646), La Fromagerie, N5 (0171-359 7440), Jeroboams SW1 (0171-323 5623), L Mellis Cheesemonger, Glasgow (0141-339 8998) and Edinburgh (0131-226 6215).

Book review

Nuggets among the ramblings

Andrew Barr is a youngish wine writer who has cultivated a reputation as the *enfant terrible* of the trade since his book *Wine Snobbery* exposed all manner of emperors-without-clothes some years ago. His new book, *Drink* (Bantam Press £16.99, 401 pages), is honestly labelled because it is not just about wine - and beer and spirits - but throws in tea, coffee, cola, porter, port, milk, canned draught, water, even opium and cannabis. It is a serious and constantly fascinating volume.

This is, I suppose, social history, but it is also, Barr promises, a book "about pleasure, about sensuality". More precisely, it is a jumble of nine essays, with no very clear scenario, rambling, repetitious, and studded with 1,000 nuggets of out-of-the-way information: did you know that coffee does not sober you, that Raleigh did not introduce smoking to England, that Sunday is not the Sabbath, that the Royal Navy's "grog" is named after the admiral who diluted the rum ration, that champagne was invented not in France but in Britain, that "punch" comes from the Hindi word for five (ingredients), that in the 18th century tea was more smuggled than spirits, that in those same years gentlemen would each drink two to three, sometimes four to five, bottles of port after dinner? (It may be relevant that water was not safe until about a century ago.)

In the midst of this, sometimes overwhelming, display of obscure knowledge, Barr develops various themes. For instance, "Heavy drinking has always been part of the British character - and one that has differentiated the inhabitants of these islands from their neighbours on the continent of Europe" - so the lager louts sit squarely in the

national tradition. Set against that, the nonsensical, near-mystical obsession of the French with the role of *le terroir* in their claimed (and denied here) supremacy as a wine-making nation. In a provocative chapter aptly titled "Noble Rot", Barr shows how burgundy is marketed with excessive reference to its medieval heritage while its special taste and bouquet are the product not of the *terroir* but of the defects of Burgundian wine-making techniques.

The British have not spotted this because, thanks to a heritage stemming not from the 17th century Puritans but from the 19th century Non-Conformists, they do not believe in enjoying wine but prefer to analyse it: hence, it is argued, they prefer claret.

There is a lot of good stuff here, always most readable, about the changes in wine-making technology, the difference between the teetotal and temperance movements in various parts of the world, the unintended consequences of world-wide experiments in Prohibition, and the differing medical attitudes towards alcohol.

The range of the book is illustrated by the fact that Barr writes with similar authority about the role of wine in the Dionysian festivities. And sometimes he writes nonsense: "It is generally believed today, both in France and Britain, that French food is superior. This may or may not be true..." Rubbish: ask any British tourist cruising the *prêt-à-manger* menus of the French provinces.

But I was grateful for Barr's information that "ladies who lunch" are a development of the early 1800s, upper-class women inventing a new meal to fill in the long gap between breakfast and dinner.

J.D.F. Jones

THE PECULIAR CASE OF THE DISAPPEARING ALE.

It was snowing hard that morning as Jeff Kitching hoisted himself up into the cab, but even in those days the Theakston drays went out in all weathers.

The dray was taking the long, winding route from Masham through Fearby and on up the Dales road for the first delivery at The Crown Hotel in Lofthouse. The 'Pateley Bridge Run' the Theakston drivers call it.

There would be few folk about in that blizzard. Except to



go down to their local, of course. That's what made the journey all important, delivering supplies of our ale, including our award

winning Theakston Old Peculier.

So laden down with casks and crates, he and his fellow driver set off, their thin rubber tyres carving deep patterned lines into the soft falling snow.

The weather got worse. "B***** awful," Jeff said it was. And then the inevitable happened. With many miles still to go, the B road suddenly became no road. Dray, driver and mate churned to a halt, stuck fast like decorations on an iced cake, I'd say.

"We hung about, frozen but determined to guard our load," remembers Jeff. The local police were called and a helpful bobby from Ramskill provided a welcome change of clothing and took them back to the warmth and shelter of Ramskill Police Station.



Next day local contractor Willie Wise fired up his JCB in Masham and within hours had liberated the abandoned dray, ale and all. Mind, he couldn't shift it without demolishing part of a wall. But the rescue mission was thankfully completed.



Ales have been disappearing down Yorkshire throats since the 13th century, a time when the Disturber monks first began to brew ale, just down the road from Masham, at Jervaulx Abbey.

Or was it? For the slight which met them was most peculiar. The dray was there all right, but the ale wasn't. Not all of it anyway. And even in those days a little of our Theakston ale was worth a lot.

"They must have come after the police picked us up," recalls Jeff. Clearly someone had drunk the profits and warmed themselves with our rich, dark and creamy smooth Old Peculier. I've asked around but it's still a mystery. Folk in the Dales have remained tight lipped, although someone, somewhere, must have opened theirs to sup our ale.

We've never brewed much Old Peculier, so naturally we were keen to recover it. But we never did. Whoever discovered

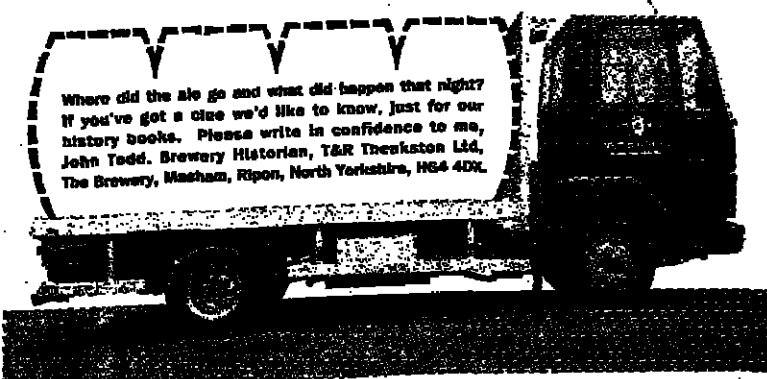


THEAKSTON
TRADITIONAL BREWERS

our abandoned dray full of ale must have thought it was Christmas. Although come to think of it, it was Christmas, Christmas 1976, I think.

John

JOHN TODD, THEAKSTON HISTORIAN



Where did the ale go and what did happen that night? If you've got a clue we'd like to know. Just for our history books. Please write in confidence to me, John Todd, Brewery Historian, T&R Theakston Ltd, The Brewery, Masham, Ripon, North Yorkshire, HG4 4DY.

T&R Theakston, The Brewery, Masham, Ripon, North Yorkshire HG4 4DY. Theakston Old Peculier is brewed in Masham and Newcastle-upon-Tyne.

HOW TO SPEND IT

- Clockwise from bottom left:
- Not high-fashion but eminently useful for the traveller – a small sturdy leather bag: £27.95 from Oxfam Worldwide Inspirations.
- Fine wooden oval tray with rattan detail over the wood base. £19.95 from Tradecraft.
- Handblown glass cone in a metal spiral which can be attached to the wall: £26 for small (18cm long) and £36.50 for large (31cm long). From Touch Design.
- Luxurious natural unbleached bed linen from Friends of the Earth Natural Collection: Pillowcases, £12.95, sheets from £29.95, tassell-fringed bedspread, from £27.95.
- Simple, silver-finish cushion clock: £29.95 from McCord.
- Designer Man's favourite toaster, the Dualit, £115 for the two-slice version, £160 for the four-slice. From McCord.
- Solid, old-fashioned wooden toys from Countrywide Workshops: £26.95 for the cargo boat with tackle, £10.75 for the small tug, £21.50 for the tug boat and large.
- Dark green ceramic leaf-shaped platter and small plate: £25.95 and £10.95, from Barclay & Bodie.

Drawings by Margie Keedy



Spoilt for choice in the comfort of home

Lucia van der Post trawls through the mail order brochures to find the perfect gifts for Christmas

Remember when mail order shopping began to transform itself from being the poor man's saving club to the sophisticated shopper's ubiquitous *aide memoire*? Oh, the delights of being able to buy something other than Crimplene dresses and serviceable raincoats no matter where you lived or how idle you felt.

Remember the joy with which we greeted George Davis and his Next mail order revolution, the arrival of Racing Green, Lands' End et al? Today we take it all for granted; mail order is everywhere. Still handy, still highly practical for the busy or the far-flung, but no longer new or exciting.

Where once there was a dearth of exclusive merchandise of every kind, today there is a superfluity. There is hardly a shop in Britain that does not have a brochure of its own. Almost every newspaper and magazine comes laden with inserts and free brochures

from which all manner of goods can be ordered.

Once upon a time I could list almost all the best mail order companies on this page – this year I am having to be selective. There is nothing for it but a small, purely personal and idiosyncratic choice of just some of the options open to those who want to do their Christmas shopping without leaving home.

Mail order appears to have reached its apogee. For the technologically literate computer-owning new ventures beckon.

Already I am getting intimations of the world to come. Green & Pleasant (a nice shop at 134 Church Road, Barnes, London SW13) sent a press release which says it is "the first shop of its kind to have its own Home Page on the Internet. Information about the shop can be accessed all over the globe at the price of a local phone call. Its new stock is available globally on its Home Page and is updated all the time and can be purchased via

e-mail, phone or fax."

It is a pity this brave new world revolves round such plain use of English, but of its future usefulness I have little doubt.

□ British Museum (tel: 01353-663400). Famous for its replicas which are careful renditions of pieces in its collections. You could spend as little as £3.99 on a hieroglyphic pencil case or as much as £550 on a white resin "marble" bust of Antonia. New this year is Egyptian Lotus jewellery by Simon Harrison, ranging from £24.95 to £99 for a lapis lazuli bead necklace.

□ Royal Academy (tel: 0151-708 0555). Another collection-based selection of Christmas presents – splendid children's toys such as Archiblocks (a collection of wooden building blocks, satisfactorily old-fashioned for those fed up with brightly coloured plastic at £49.95) as well as a black and white umbrella by Terry Frost at £49.94 and a Zebra head mask for £14.95.

□ Friends of the Earth. Natu-

ral Collection (tel: 01672-542366). The catalogue for the "environmentally orientated". It is filled with some genuinely attractive things. Apart from some prudishly enveloping underwear, there is attractive babyware, low-energy desk lamps, unbleached bed linen and some appealing recycled glass.

□ Presents for Men (tel: 01295-750100). No need to go for the desperately attention-grabbing socks, ties and underpants – go instead for the wine accessories (good corkscrews, wine bottle labels, wine-savers, wine racks) or the kind of gadgets most men love (crime prevention kit, lamps, illuminated key fob, pen screwdriver) and some plain old-fashioned quarter bound photograph albums.

□ DD, The Aviation, Military & Nostalgia Specialists (tel: 01873-542354). A real specialist catalogue – nothing but video tapes, many of them containing exclusive, long-forgotten footage, of military, naval and aerial matters. Hurricane and Lancaster tapes are new but there is also *The Great War* series as well as *Crusade in the Pacific* and *Churchill's War*.

□ Teddy Bears' of Witney (tel: 01993-702615). Bears, bears, nothing but bears. Some 252 different ones, of which 169 are exclusive to Teddy Bears' of Witney, are featured and range from £25 to £425.

□ Barclay & Bodie (£2 for the catalogue, tel: 0171-372 8706). Small catalogues specialising in the different and the off-beat. Selection varies from the exquisite – such as the finest batiste linen napkins at £95 for 12 – to the slightly bizarre (miniature teapots in the shape of vegetables, all at £19.95

each). Its range of French Provencal oven-to-table ware with its own sturdy baskets is attractive (prices range from £50 to £85). For those whose tastes run to the slightly risqué, there is an ironing-board cover featuring a male pin-up at £16.50 and a hot-water bottle in the shape of a female torso at £24.95.

□ Touch Design (tel: 01294-738060). Small but charming – some fine glass such as a leaf-frosted vase, accessories for the garden (particularly chic galvanised metal flowerbuckets) and a small selection of toys for the kids.

□ V & A Treasury (tel: 01793-420420). Inside a rather fussy format lurks something for everybody. From paisley silk ties and a Zen garden kit to attractive jewellery (look out for the crystal droplet earrings at £55 a pair and the Indian "Emerald" earrings at £70). There is also a dramatically bright blue "Persian" glass bowl for £26, a rich Renaissance Floral scarf in silk and wool and some fine knitwear.

□ McCord Design by Mail (tel: 01793-433498). A combination of established design classics (such as the Waring Blender, the Dualit toaster and the Magimix) and new fresh designs, this is the catalogue for anything for the home. There are plenty of sleek designs for the modernists (see the cushion clock featured in the drawing as well as maglite torches, a 10-band radio and the Porcelain-designed Samsung camera) as well as a beautiful frosted glass bowl, £29.94, and a range of cook and tableware.

□ The National Trust (tel: 0171-944 7728). Lots of choice, something for everybody. Elegant, hand-blown cordial

glasses with a barley twist stem (£39.95), blue and white Delftware china featuring temples and pavilions at Stowe (£29.95 for the candlestick, £43.95 for the flower brick) and some plain pewter brushes for clothes and hair (£21.50 each). Lots of cutesy, nostalgic gear as well for those with old-fashioned tastes – a clock with farm animals on the face, comforting foods (fruit cakes, shortbread and old-fashioned preserves) and, of course, a big

Still handy, still highly practical for the busy or the far-flung, but no longer new or exciting

range of cards, gift tags and wrapping paper.

□ Fast Times (tel: 01993-770440). First and foremost distinctive because of its beautiful selection of Christmas accessories – crackers (gorgeous Florentine ones at £15.95 for six), wrapping paper, candles, Christmas tree decorations and cards. Also worth looking at for its old-fashioned children's toys – bagatelle, teddy bears, kaleidoscopes and Beatrix Potter tapes. Some good replicas of ancient artefacts – a T'ang horse for £34.50, an Egyptian temple cat for £49.50, a Celtic sword paper knife for £12.95. Look out, too, for a good amber necklace at £29.50, some pretty earrings of

freshwater pearls, opals and garnets for £49.95, a 3D medieval castle puzzle (£34.50) to keep the children (or the adults) quiet, lots of cosy knitwear and more.

□ Save The Children (tel: 01293-506500). Vast range of cards, wrapping paper, crackers and other Christmas accessories to choose from. Also a good selection of puzzles and games, small presents for the cook (Balti cookery kits, seem to be this year's fad) and small household gadgets. Nicest, simplest and plainest of all is the proper Panama hat, hand-woven in lightweight 66gm straw. Gift-boxed, £19.99.

□ Shaker (£5 for the catalogue, tel: 0171-724 7672). The usual haven of carefully edited exquisite taste, though of a homey kind. Beautifully made, seemingly seamless wooden boxes make wonderful filing systems. Prices range from £39.95 to £59.95. Sweet gingham-covered cushions, "homespun" bags and gingham-lined sewing boxes also make good presents. The Shaker blankets, at £99.95 for a single size, are chic, elegant and useful.

□ Countrywide Workshops Charitable Trust (tel: 01723-326886). Everything is made by disabled people, and made by Countrywide Workshops is their only usual outlet. Homey knitwear is marvellous for wintry country weekends (prices range from £18.75 for gloves to £55.30 for the most expensive sweater). There is also a good selection of wooden products – trays, curtain and light pulls, lamp bases, toys and the like – and bakeware.

□ Tradecraft (tel: 0191-491 0591). Some rather dowdy

clothing (though some, I imagine, might call it classical) and ethnically inclined jewellery. There is a nice hand-woven cotton dhurrie Gladstone weekend bag (£29.95), a mock amber expandable bracelet (£9.95), some decorative papier-mâché bowls and useful household artefacts.

□ Oxfam Worldwide Inspirations (tel: 01869-245011). Another catalogue with lots of clothing that it is hard to imagine wearing but some good rugs and dhurries (a charming ball runner from Peru for £49.94), nice leather, domestic pottery and recycled glassware.

□ Stocking Fillas (tel: 01793-410080). Particularly useful for filling stockings, with masses of choice in the £1 to £5 bracket.

□ The Natural History Museum (tel: 01793-431900). Good books, kits and toys for kids – lots for the dinosaur-obsessed, the wildlife fan and the geographically concerned. For adults, there are cushions with covers inspired by 18th century paintings of prize farm animals (£29.95), rugs and throws, book-ends and wine-stoppers.

□ Science Museum (tel: 01793-480200). Splendid selection of presents for the inquiring teenager – such as The Firstscope 60, a beginner's Telescope, for £129.

□ Divertimenti (tel: 0171-386 9911). Probably the most elegantly put together of all the home-based catalogues. Find in it everything from classic linen union cloths (six for £19.95) to fine sets of saucepans, the Dualit kettle (£77.95), serious kitchen tools and a small selection of charming French Provencal tableware.

Watches in steel, steel and gold, and gold, three sizes, water resistant, interchangeable bracelet.



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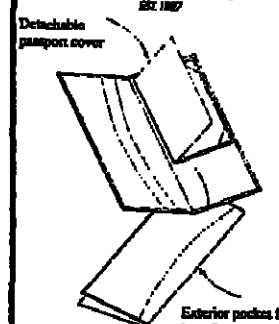
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مكتبة العصر

FASHION



Ferretti over palazzo headquarters in Milan Thomas Wedderburn

The fashion world's secret weapon

Avril Groom on a simple no-fuss style that says Ferretti

The first things one noticed were the shoes - pinky-beige patent with little buckles on the side and unmistakably Prada. With them went a plain, high-waisted A-line dress and jacket, immaculately cut in a paler beige, deeply textured hopsack tweed and far harder to identify. The giveaway was the buttoned tab at the back, like a small half-belt. Thus did an elegant Milanese at the recent spring shows reveal her allegiance to Alberta Ferretti, the fashion world's secret weapon.

Ferretti is a designer no one makes a fuss about but everyone seems to wear. She has a happy knack of capturing the fashion of the moment and making it understandable for a wide range of personal tastes. She hates obviously identifiable clothes but those in the know recognise the touches - antique-looking buttons, fine top-stitching, delicate embroidery.

"When clothes are simple, as they should be, the quality of detail is important," she says, and it is this uncommonly light and feminine touch which makes her clothes so commercially successful and which has made more than 30 British stores ask to stock her wares.

Her British fans include one editor, another with a quirky, flea market-inspired style and a top store public relations officer known for her minimalist chic. All say they feel comfortable, up-to-date and feminine in her designs.

Less well-known in the UK, however, is her astute commercial sense. For apart from designing for her Alberta Ferretti label, she is a powerful businesswoman, heading up £150m manufacturing business called simply AEFPE from the sound of her initials in Italian.

Some 30 per cent of its turnover comes from her all-range and the younger Philosophy range, the rest from manufacturing for big names such as Jean-Paul Gaultier, Moschino and Raf Simons.

She started the business when hardly out of teens and runs it with her younger brother, Massimo. The days she may spend mulling over designs but tough decisions are always made jointly.

Ferretti is a small, neat blonde invariably dressed in black with discreet antique jewelry and, superficially at least, is rather less formidable than the other grand dame of Italian manufacturing, Donatella Versace of G.V.

Ferretti seems surprised at the interest in her role which, she says, is grown



Slip of a thing - dress in grey double chiffon with satin trim, £245, chenille bolero, £245, from: Harvey Nichols; Lisa Stirling of Manchester; Bernadette of Essex, Surrey; and Mossique of Stratford-upon-Avon



Soft flannel - grey tie-belt coat with top-stitching and fur collar, approximately £620 from a selection at Harvey Nichols

Modern but unimpeachable - white satin jacket and hipster trousers, £295, black wool sweater, £198, from Harvey Nichols, Knightsbridge, SW1; L'Amica di Bournemouth; Julia Fitzmaurice of Harrogate; and The Foundation of Guildford

most adventurous, and Franca, editor of Italian *Vogue*, and fashion-editor-turned-photographer Manuela Pavesi.

Whatever her inspiration, her approach to design is practical. Where she used to listen to the customers in her little shop, she now listens to her agents who sell to stores. A great idea is useless to her if women do not find it flattering.

Part of her secret is an ability to see things from the wearer's viewpoint. She is no fashion revolutionary but no follower either. Her wearable interpretations appear in the same season as the startling originals.

For our meeting, she wears a knitted black nylon T-shirt with a hint of Helmut Lang about it, but without Lang's hard edges.

She does a subtle take on autumn - soft camel tailoring, gentle fake fur trims on skinny knits and pretty little jackets in soft black fake ponyskin rather than strident leopard. She will certainly do hipsters next spring, especially for Philosophy, but they will not be hip-bone-low.

"It is not flattering even if you are slim," she declares. "A long back-line makes the proportions all wrong. The secret is to knock off the waistband."

She is modest about her contribution to fashion, although sales of both her ranges have been increasing by an average of 20 per cent each year and doubled last year.

Success has not, so far, lured



Best seller - black hopsack tweed jacket, £234 and dress, £290, from: Harvey Nichols; Viva, London NW8; Feathers, London SW1; Alicia Kile, Sheffield and Nottingham; Cruise of Glasgow; and Matches of Wimbledon



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TRAVEL

Castro's tourism revolution

Adrian Gardiner finds a haven far from Havana

Our little aeroplane pitches and rolls. Lightning streaks along the wings. Passengers cross themselves. The tropical rainstorm which has brought Havana to a standstill follows us all the way to Santiago de Cuba, Cuba's second city 600 miles east of Havana at the other end of the island.

Ancient, Russian and prop-driven, our craft lacks the power to climb above the storm. Even the stewardess does not take off her seatbelt during the 2½-hour ordeal.

In Santiago we are met by our official guide, the delightful Gine. She has facts at every fingertip. But even she shows occasional signs of Soviet-style indoctrination. We pass a hotel, built, she says, before the "Triumph of the Revolution". Our hotel, the San Juan, was known until recently as the Leningrado.

If Havana is the city of Graham Greene and Ernest Hemingway, then Santiago claims José Martí and Emilio Bacardí. This year sees the centenary of Martí's death. He fought the independence campaign against the Spanish and is a national hero. A writer and philosopher, he was less successful as a gun-toting revolutionary and is buried in Santa Efigenia cemetery on the outskirts of Santiago.

Bacardí, a mason and three times mayor of Santiago, was the son of an immigrant from Catalonia. He too played a part in the Independence Wars and he gave the city its first library and museum, opened in 1899.

There is no shortage of rum at the Casa de la Trova, just uphill from Santiago's cathedral. White rum, dark rum, old rum, strong rum... The Casa is a jazz club where, for a dollar, you can sit all day listening to musicians improvising on guitars, double bass,

bongos, maracas and claves.

At our hotel restaurant - the standard of which is well above the national average - the April Quartet plays good flamenco. Night falls and the rain drums on the striped cotton canopies around the swimming pool. The poolside bar throbs to the rhythms of an Afro-Caribbean steel band. But by dawn the storm has rained itself out.

I evict a frog which has taken refuge in one of my shoes, and set off for El Cobre, the copper church. En route we pass San Pedro de la Roca, a handsome 16th-century Span-

The rum is cheap, the natives are friendly and the music is excellent

ish castle splendidly sited on a headland. Appropriately it now houses a pirate museum; Henry Morgan and other corsairs once prowled this coast waiting for treasure ships heading home to Spain.

El Cobre, decorated with fine marble and stained glass, is dedicated to Cuba's patron saint, the Virgin of Charity is credited with healing powers and many Cubans come to pray for good health. The strangest feature of El Cobre - apart from being built on top of a copper mine - is a little shrine to the raft people. Grieving relatives leave written prayers, letters, photographs and mementoes of those who have disappeared while trying to reach the "Promised Land" of America.

East of Santiago is a vast theme park called "El Valle Prehistórico" of life-size dinosaurs, prehistoric style and mammoths made of cast concrete.

The valley is part of the Parque Baconao which includes an aquarium and dolphinarium. Yet there are few people about. Tourists - who are mostly Canadian - rarely make it this far.

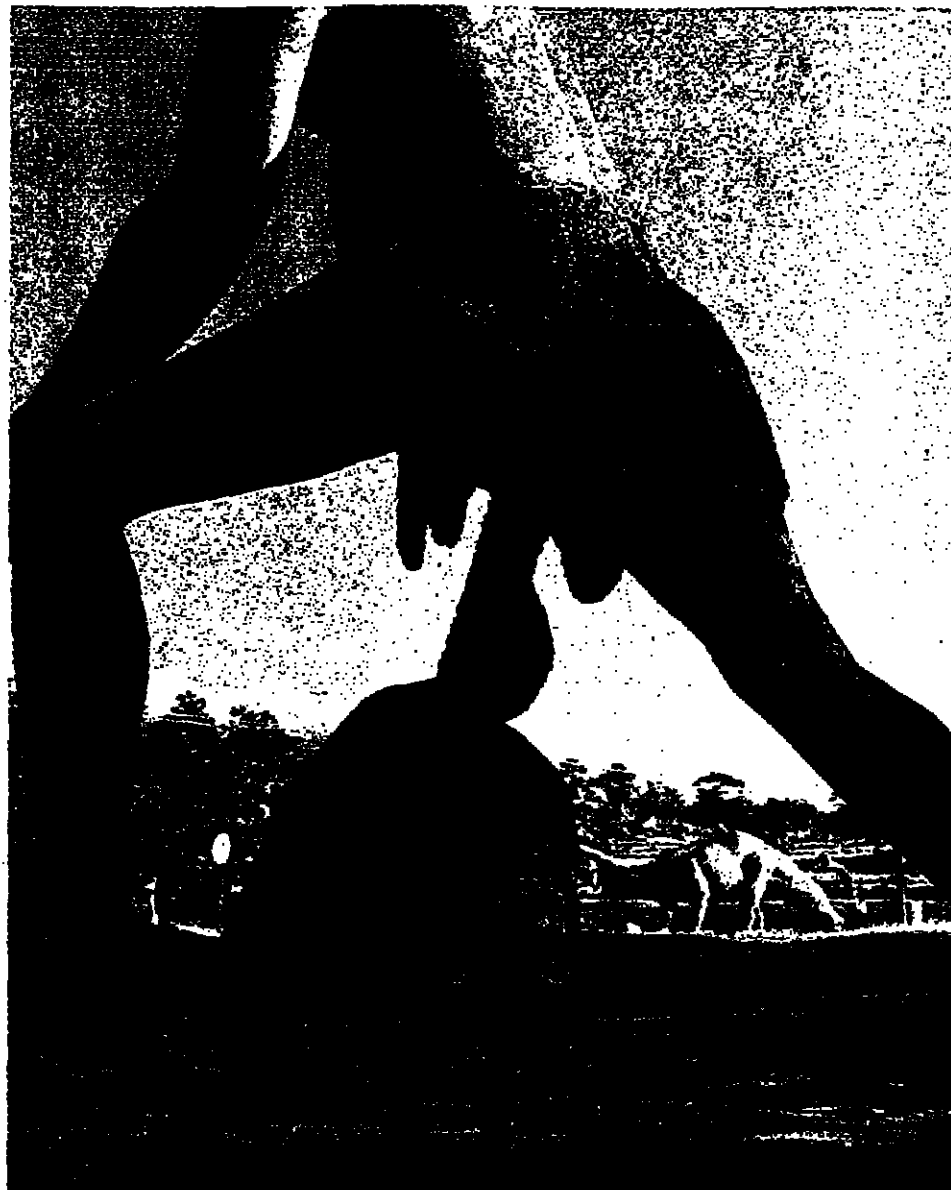
We head for the hills, the Sierra Maestra where Castro's forces played hide-and-seek with government troops, passing coffee bushes, orange groves, mango trees, tobacco, bananas, sugar cane. We pass the thorn in Cuba's flesh: the island of Guantanamo. The 99-year lease for the US military base signed at the end of the 19th century is binding under international law.

From Guantanamo, 30 miles of hairpin bends on a new road nicknamed La Farola (light-house), brings us to the end of the line: the Caribbean Sea and Baracoa. I have never seen a more beautiful place... the river beautiful and green... countless birds singing very sweetly.

Columbus stepped ashore at Baracoa in 1492. He returned in 1512 - two years before Trinidad was colonised - and built a bohío, a traditional Indian dwelling with a thatch of palm leaves.

The little town which grew up remained inaccessible except by sea until La Farola was built in the 1960s. A church in miniature, Nuestra Señora de la Asunción, now stands in the centre of Baracoa, built on the site of Columbus's bohío. The remains of his cross, made of grape wood and bound with silver and brass, is inside. It stands 3ft high, rather less than half its original size. Souvenir hunters have chipped off pieces over the centuries.

Dusk falls and I walk back to my hotel through streets of small, elegant Spanish-Colonial houses. Black pigs root in the undergrowth. A young man falls into step beside me and introduces himself as Jorge. I am suspicious. In Havana and



Off the track: El Valle Prehistórico, a theme park of dinosaurs east of Santiago

Varadero such young men, if not begging, are selling black market currency, stolen cigars, their sisters, marijuana, or tortoiseshell or coral, both of which are proscribed imports to Britain.

But Baracoa is more laid back. Jorge is not a hustler. He is interested in life outside Cuba. "Things are not so bad here," he says, "as in Havana. There are many shortages: petrol, electricity, soap, matches, pens, shoes... unless you have dollars. Almost everything is rationed nowadays."

"A government minister will appear on state television and say the potato harvest, for example, has grown by 50 per

cent for the third year running. Then you go to the market and there's not a potato in sight."

Thirty-six years after the "Triumph of the Revolution", Cuba is opening a new chapter in its history. Tourism in the climate of economic crisis brings its own problems. Prostitution is so rife that a new word has been coined: finetras, literally, horseback riders. Hustlers proliferate along the beaches of Varadero (you can avoid them by taking a taxi to the smart end of town) and around the tourist sites of Old Havana.

The parallel economy - hard dollar and soft peso - is already creating a divided society with lawyers and teachers working as waiters in tourist hotels. But in sleepy little Baracoa it might still be 1492. The rum is cheap. The natives are friendly. The sun and sand are free. The problems of Havana and the rest of the world seem far away.

From Havana, there are several daily flights to Santiago and three a week to Baracoa. There are two buses a day from Santiago to Baracoa. Car hire costs from \$40 a day and hotels in Santiago and Baracoa \$35 a night, double room in high season. The Cuban Consulate and Tourist Board - 167 High Holborn, London WC1 6PA. Tel: 0171-379 1706.

St Lucia

Party night on 'sensible' island

It is Friday night on St Lucia and everyone has gone to the party. Around 20 years ago Herbert Scott, owner of a makeshift bar in Gros Islet, a small beach village in the north of the island, started to offer a few free snacks with his local beers. It was enough to start an institution.

Now, every Friday (except Good Friday), the tiny fishing community disappears beneath thousands of visitors, both locals and holidaymakers, committed to creating a weekly "jump up" on what is usually a rather proper island.

At the beach end of the street a sound system belts out the latest hits - not the metropolitan beat of a big city discotheque but the rhythmic Afro-Latin melodies of the islands - zouk, with its double beat, from Martinique (visible by day across the ocean) and the soul calypso of Trinidad.

It is like a Flemish kermesse captured by a Brueghel, controlled mayhem, a licensed outlet. A policeman is never far away. Soon after 2am, numbers have thinned. It is time to offer a lift to the Swedish sailor and the girl from the village down the coast.

The St Lucians have proved they can carnival as casually as the Trinidadians; the holidaymakers have had a happy climax to their stay.

St Lucia is also the island for tourist weddings and honeymoons. In comparison with the mayhem at Gros Islet, the weddings are somehow slightly sad. The bride leaves her room at the beach resort hotel (if she is staying at Sandals she is serenaded with "Careless Whisper" from the programmed stepping stones), accompanied by her bridesmaid.

She joins her husband-to-be, and his best mate, on the beach beneath a banyan tree; words are spoken; rings exchanged; and within half an hour it is back to the holiday. The most important moment in their lives becomes an afternoon diversion, not least for their fellow guests.

But thousands of couples,

mainly British, come to St Lucia every year to get married. After all, it is cheaper than a family wedding at home, less hassle, and makes the switch from wedding reception to honeymoon hotel uncrossably simple. Yet it is somehow contrived, and passionate, the great event reduced to a beach activity. Much better to come to St Lucia, one of the prettier Caribbean islands, just for a holiday.

St Lucia has been sensible about tourism. The hotels are low rise and mainly confined to the north of the island, facing the sunset. But there are few inducements to leave the cosy beach-side atmosphere. This could become claustrophobic. Taxis and car hire are relatively expensive but it is worth investing a day or two in the rest of the island.

There is little to detain you in the capital, Castries, apart from the balcony of Paul's restaurant, with its views over the main square. There is little in the rest of St Lucia in the "must see" category, although the sulphur springs are a nostalgic reminder of chemistry lessons and you can half believe the tale that Napoleon's Josephine bathed in Diamond Falls.

The great appeal of St Lucia, apart from sea and fine beaches, is the scenery. Its volcanic origins make it mountainous, and much of the island is covered with jungle. The contrast between the sophisticated resorts and the villages huddling among the banana plantations is striking.

St Lucia is the sensible Caribbean island. Its people are relaxed but restrained. The schoolchildren, neatly uniformed, suggest England in the 1950s.

There is sadly little contact between the residents and the holidaymakers, shielded in their hotels. That is why Friday night is so important - the chance for everyone to celebrate the pleasures of an island in the sun.

Antony Thorncroft

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TRAVEL



Scrubbed clean: families of pigs join the women washing on the beach of the Caribbean coast

Honduras

Another day in paradise

Guy Marks discovers Sambo Creek, where even the pigs enjoy a place in the sun

Arriving at Sambo Creek, I felt I had mysteriously landed in Africa. Quite unlike other parts of Central America I had visited, this tiny village on the Caribbean coast of Honduras showed little mestizo influence. If it had been transported from some African shores, then not of its villagers had not noticed and the others did not care.

The Bay Islands are a huge attraction for travellers to Central America. Many visitors to Honduras head straight there, stopping only at the Mayan ruins of Copan near the Guatemalan border and the capital Tegucigalpa for their international flight. A few change flights at the coastal town of La Ceiba, and it was there that I noticed a bus going to Sambo Creek.

The name alone made me want to go, and so I set out along the Caribbean coast. The village had a backdrop of mountains covered by lush green tropical forest. Like every good paradise it was set on a beach of white coral sand that stretched away to infinity.

A line of palm trees separated the narrow strip of sand from a band of once-cultivated land. A disused rail track was all that gave a clue to the

area's past. It had been an agricultural zone in the heyday of the Banana Republic.

"Is there a hotel here?" I asked an old lady who was chasing a chicken out of her house. "Yes, down there by the creek," she nodded her head, motioning me further down the track that was the main street.

The hotel was at the end of the village: a small building with a few chairs on a front porch. A block with about 10 bedrooms leading off a central passageway had been built in the garden. It was clean and basic, very cheap (less than \$2 a night), and the water occasionally worked. At certain times of day there was even enough water to take a shower, standing outside under the water tank.

A river of clear fresh water flowed from the mountains behind and formed a pool at the mouth. Trapped by a sand bank of white beach, the lagoon formed a focal point for village life. Draining slowly for most of the day, the creek was continuously replenished with fresh water from the river and flushed by the Caribbean at high tide.

The village was mainly populated by Garifuna people: black Caribbees whose ancestral origins in Honduras go back to a mass

deportation from St Vincent in the late 18th century. I was surprised to find this black community maintaining its African identity in a country where 90 per cent of the population are mestizo or offsprings of Hispanics and Mesoamerican Indians.

In true African style, I sat on the veranda in front of the hotel drinking a few *Sabon Vidas*, or Lifesavers as the local beer was called. I asked a man drinking with me if any one here was called Sambo. "Oh yes," he said. "There are several Sambos in the village."

This was a wonderful spot from which to watch the world. On one side I had a view along the main street, on the other I could see the creek, and in front was the beach. A stream of women walk past towards the creek, carrying on their heads huge plastic basins and bowls, laden with dishes, pans and laundry.

There were all the colours of Africa down at the creek. Women in bright clothes used the water as their laundry and their kitchen sink. Children used it as their swimming pool. Men dragged clean sand from the far side to use as building sand.

Red and yellow plastic plates, pink plastic cups, green and blue buckets and an

assortment of shiny metal pans were washed in the fresh water, closest to the river. A woman stood gutting a fish, already preparing the next meal while she washed up from the last.

Further down towards the beach, women stood with tin baths and scrubbing boards. I have never seen so much washing.

All day, every day, there were women washing clothes. Every house had its washing line full and vast areas of the sand were covered with clean clothes, spread out to dry in the sun. Pigs wandered along the beach and through the water past the washing women.

The longer I sat on the hotel veranda, the hungrier I felt. Eventually food turned up. There was a choice of chicken and chips or fish and chips.

In the morning there seemed to be no one at the hotel. I strolled down the street, past the simple thatched huts in search of some breakfast. The sound of Bob Marley emerged from one hut.

I asked if there was any bread in the village. "Hay pan de coco," a woman said. This was bread made with coconut milk, soft, fresh and doughy, a bit like a milk loaf.

A concrete cross with fading

whitewash stood ominously at the far end of the village. An old bus stood on blocks, its wheels and engine missing, oil stains down its front.

I walked back along the beach. Fishermen sat by their boats mending nets. The women were washing again. A family of pigs came grunting through the trees down to the water's edge and on into the lagoon. I had found a place where even pigs were in paradise.

It's France - but not as we know it

Arnie Wilson finds something for everyone

After an indulgent lunch at a mountain restaurant that has been serving local dishes for almost a century, we cruised happily back towards the steep, narrow high street in the quaint old village below.

Outside our two-star hotel (the highest rating in town) bright sunshine played on the snow-covered eaves, balconies and shutters of the picturesque old buildings. Beneath a clear blue sky the last green funicular drifted down the mountain.

Thousands of satisfied, suntanned skiers trudged home - very little ski-in, ski-out here. A typical Swiss or Austrian mountain scene? Think again.

Inside, there were strange gurglings in the plumbing beneath the bidet. Then the ancient lavatory cistern went into a seemingly uncontrollable spasmodic before finally flushing. The hot tap in the bath ran alternately hot and cold.

Who cared? The food was excellent, the staff extremely friendly, the hotel inexpensive, and the ambience cosily pre-war. Italy perhaps, or even Spain?

No again. There was an ample bowlful of Garbure (vegetable soup with pork) on tonight's menu, followed by some tasty *magret de canard*. The old mountain restaurant was Chez L'Amazone, which has been serving tourists since 1905. (We also ate well at a more recently established mountain restaurant, L'Auberge la Couquellie.)

Yes, at last we were enjoying good skiing in France with a picturesque old town centre instead of uninspiring, soulless architecture. We were not, however, in the Alps (although the Ski Thomson manual urged us to try such "regional" dishes as *fondue Savoyarde* and *gratin dauphinois*) but enjoying Barèges, France's second-oldest resort in the under-rated Hauts Pyrénées.

One did not need too much imagination to picture French soldiers wounded in the Napoleonic and Franco-Prussian wars coming here from nearby Lourdes to convalesce and take the calcium-rich waters to help mend battle-scarred limbs.

The local thermes have been popular since the reign of Louis XIV and today the hot springs - where white-coated assistants fuss around tourists enjoying a swim, hot bath, high-pressure shower, under-water massage or water-jet treatment - are more popular than ever.

One can also easily picture

Pyrenées.

Combine Barèges' three skiing mountains with La Mongie's large bowl, add 56 lifts and you get more than 100kms of terrain of almost every variety, from a good sprinkling of blue and green runs to the daunting Chacabaz, near the Pas de la Crabe.

The latter's off-piste itinerary involves a rope-assisted climb up a chunk in the steep mountain wall below the Pic de Quatre Termes at 8,125ft before skiing back to Laguerre, the main gathering point for family skiing and the only wooded area.

All right, so it is not the Trois Vallées, Portes du Soleil or Val d'Isère/Tignes. Skiers who demand such vast skiing areas may be reluctant to be diverted to the humbler delights of the Pyrénées. But for the majority of skiers, especially families, Barèges might prove to be an appealing and cheaper alternative to the likes of Les Arcs, Flaine or La Plagne.

Certainly the place has produced good skiers. Henri Cazaux, who served us an excellent meal at the Igloo Hotel, is a former national champion. And Pierre Marcon, whose son runs the local ski hire shop is another local ski hero. No doubt there will be others. Patrick Ananos, our instructor, trains the local youngsters on a Wednesday afternoon. The rest of the week he trained the oldies: us.

One small confession, in parting. You will discover it for yourself anyway if you go there: it is not all quaint and rustic. La Mongie, Barèges' neighbour, is purpose-built. So you have the unusual combination of a first-generation ski area linked with a third generation version. That should keep everyone happy.

Arnie Wilson's visit to Barèges was arranged by Ski Thomson, staying at the Hotel Richelieu. Details from the Thomson Holiday Shop, tel: 0171-707 9000.



Skiing

the summer-time scene at the Col du Tourmalet, a traditional crowd-puller during the Tour de France. In winter the restaurant is a popular haunt for skiers and the twister snowbunnies that flit from table to table in search of crumbs. In summer the main piste that curls round the restaurant is packed with crowds watching the cyclists straining in the heat.

Inside the restaurant, several photographs - some from 1935 with ancient black pre-Maigret Citroëns parked by the roadside - hang on the walls along with other cycling and skiing memorabilia.

So what of Barèges' main claim to fame - its skiing? The mainly treeless terrain - linked with neighbouring La Mongie - is considerable: the most extensive, in fact, in the

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Jamaica

Beware low-flying fish

James Henderson on an unexpected close encounter

It could only be Jamaica. As I walked in Montego Bay I heard a wet slide and slap, a sound like a fish hitting a marble slab. Next a screech of brakes as a car came to a halt beside me. I looked around. Lying in the road was a 6ft fish. Man gets out, scratches his head, gets back in, reverses, gets out, considers his problem.

He has no equipment, so he knows that as soon as he touches the fish, it will slither and whiplash its way to the hotel where he is hoping to sell it. (That is why they use those nasty-looking metal gaffs when they haul them out of the sea.) Man spots me.

"Hey man, you could help me please." (Oh no, I thought, it's your problem, this one, but you can bet that I'm going to enjoy watching you sort it out.) I sat on the wall and folded my arms, then relented.

Ten minutes later we rolled the fish into a car seat cover and hauled it reluctantly into the back of the car. The driver was off in a flash. It was just a Jamaican going about his business with characteristic surly.

I suppose it might have happened elsewhere in the Caribbean, but it was more likely to happen in Jamaica. It is bigger than other well known islands such as Barbados and Antigua, and it is livelier, pushier and more surprising. The experience, positive and sometimes negative, is a stronger one. Jamaica takes familiar

strains from around the English-speaking Caribbean and amplifies them to a blare. Music is a case in point. Reggae can be heard everywhere in Jamaica, from the buses to the music parks of Negril.

It is raw and vital and an excellent expression of Jamaican life. As in so many Caribbean islands, music is much more than light entertainment or a vehicle for dancing.

There is also the magnificence of the countryside. Two-fifths of Jamaica is above 1,000ft and the fertility of the land is beyond belief. The Jamaican pace of life is also run at a higher pitch: the press of the market, the chaos on the buses and the urgency of the small businessman.

That is not to say a visitor cannot relax in Jamaica. With so much on offer you can find good places to stay in all ranges, from the old colonial graciousness of the Elegant Resorts, to the small and laid-back hotels found on the Negril cliffs and in the southwest, to the guest houses dotted around the forested interior.

Whether you stay in a hotel and indulge in sports, or explore the island, the country offers endless entertainment.

Jamaica has experienced the same peaks and troughs in its tourist trade as other Caribbean islands. There was a building boom in the 1980s, then during the Gulf war the Americans (who comprise the bulk of the Jamaican market)

were barely seen, and since then there has been the tentativeness of the recession.

Tourism is Jamaica's biggest foreign exchange earner by far and one of its largest employers. But despite the increases in arrival figures, many hoteliers still seem to have trouble filling their rooms. It is a fickle market. If there is a hurricane in the Windward

It takes familiar strains from around the English-speaking Caribbean and amplifies them to a blare

Islands more than 1,000 miles away, bookings fall in Jamaica. Also, holidaymakers now travel at much shorter notice.

Finally, the broadening of the tourism base in the 1980s, when Jamaica expanded the number of its mid-range hotels, has brought a different type of traveller - particularly when the price drops to help fill the rooms.

Jamaica often gets a bad press. People talk of violence. This does occasionally happen, usually to people who buy drugs on the street or show off

their money.

What is far more likely is that you will be hustled in the main tourist areas. This can still be quite daunting for a new arrival as most hustlers are good at their job. But in almost 10 years I have not noticed the problem getting much worse.

Hisses and calls across the street should not be taken amiss. Jamaicans are demonstrative people and like to communicate. However, you should certainly seek advice about where not to go after dark. Do not wander into Trenchtown because you recognise the name from a Bob Marley song.

The answer, of course, if you do not want to risk it, is to lock yourself away in a tourist enclave. Jamaica has just the answer: the all-inclusive hotel (similar to Club Med), which you do not need to leave because everything is available inside for a single, prepaid fee.

In some ways this takes 20th-century package travel to its highest degree. There is all the sun, sea, sand and most of the sports you could ever want. You do not even need to know which country you are in.

But this is sure to miss the point. People who shut themselves away miss out on the best that the island has to offer. If I had not been wandering around I would never have had my in-in with a gift fish.

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Heroic connections: Trafalgar House, Wiltshire, with a guide price of £1.5m

The long tradition of homes fit for heroes

Gerald Cadogan on houses for settling veterans, from Roman times on

In 1918 the politicians promised them "homes fit for heroes". New housing was a desperate need and it had to be good quality for those wartime heroes returning from the mud and filth of Flanders. The story repeated itself 27 years later. Building the New Britain after the second world war meant building houses, schools and hospitals. But progress was slow until 1951 when Harold Macmillan became Minister of Housing under Churchill. He promised 300,000 new houses a year, and he delivered. When Eden succeeded Churchill in 1954, more than a million had been built. The idea of settling veterans is as old as the Romans, who offered their disbanded legionaries land and a place to build, often in newly conquered territories. After the Romans, veterans' housing vanished for a long period of history. Local levies

were then commonly used to finance housing for returning soldiers. But once professional soldiers had reappeared on the battlefield in post-medieval times, the problem of the state's obligations to them on retirement resurfaced. The 17th century kings of England and France responded gloriously, founding the royal hospitals at Chelsea (soldiers) and Greenwich (sailors) in London and Les Invalides in Paris. Nor did they neglect their generals, now that kings no longer ran their battles themselves. A grateful nation - or its grateful monarch - was happy to bestow the royal manor of Woodstock in Oxfordshire on John Churchill, Duke of Marlborough, where he and his wife could build the vast Blenheim Palace. A century later, the Duke of Wellington received Apsley House (which is as grand as its address - Number One, Lon-

don) and Stratfieldsaye in Berkshire as his country house. It is a surprise to find that the custom continued into the 20th century. Bessie Syde was the old seat of the Haig family in the Scottish Borders. As you enter, a plaque records that the citizens of the British Empire subscribed to return it to Earl Haig. The demand for homes for the ordinary soldiers who were lucky enough to survive under his command on the Western Front revolutionised the provisions and standards of housing. With war no longer restricted to professionals, for the first time in history huge ex-armies needed looking after. In 1919 the requirement was 819,000 new houses. Two years later the census recorded that there were still 750,000 more families than separate dwelling units - which translates into married men back from the trenches living with their par-

ents or in-laws. Contrast this with the situation just before the first world war when London had more houses unoccupied than were occupied in Paris, according to Robert Graves and Alan Hodge in *The Long Weekend*, a history of the years between the wars. Few houses were built at first, partly because building materials were in short supply and prices had risen. A Ministry of Health house cost £910 in 1921. A year later that had fallen to £385, but the housing shortage remained acute until the private building boom in the 1930s. Fuelled by low interest rates, new housing reached an annual rate of 350,000 units in the late 1930s. But official attitudes had changed completely from before the first world war. "Thanks to the need for heroes' homes, it was now a responsibility of central government to produce housing of a decent



Officers Terrace at Chatham, Kent. Houses from £130,000 to £275,000

and sanitary standard (hence slotting it under the Ministry of Health) with gas and electricity, bathroom and lavatory. The agents for this were the local authorities. So began the era of council houses, which were being built at around 75,000 a year in the 1930s. The grandest house on the market with a heroic connection has just been sold by

Knight Frank & Rutley, with a guide price of £1.5m. The grateful nation gave Standlynch near Salisbury, Wiltshire, to Nelson's brother in 1815. It is a superb Georgian house designed by John James of Greenwich, who had been Wren's assistant surveyor. It was renamed Trafalgar House. It also boasts two wings by John Wood the Younger (of the Royal Crescent in Bath) and a

classical Greek portico based on a temple on Delos by Nicholas Revett. In the Chatham Historic Dockyard, Kent, a smart 1720s terrace of officers' houses is for sale by individual houses. The 12 houses in Officers Terrace, listed grade I, are four storeys high, and have Doric porches, battlements and their own walled gardens. Here you can live like an

18th century officer in the heart of the dockyard, which is crammed with ancient and interesting buildings, for £275,000 for a refurbished house, or at prices from £130,000 for the houses needing renovation. The agent is GA Land & New Homes in Dartford (01322-287287). Or live in an old naval hospital. Kit Martin is converting the 1809 hospital in Great Yarmouth, Norfolk, into houses, cottages and flats - expect them to come to market next year. And in Plymouth, Devon, the 1762 hospital at Stonehouse - the earliest to keep patients in separate wards to avoid cross-infection - is being partly converted to cottages and flats, and renamed The Millfields. The hospital buildings will also house a school and a business centre. "Such developments are good news for a city hit quite hard by defence cutbacks," says Jason Hooper of local agent Fulford. Houses on offer at The Millfields cost from £90,000 to £225,000, which buys the best house where the annual lived. There is plenty of house for your money, and also an oval garden and an ancient mulberry tree. The agent is Constables (01752-68242).

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BOOKS

An excess of Scots genius

A.C. Grayling discovers there was a practical side to the bawdy Robert Burns

I believe last night that my old enemy, the Devil, taking the advantage of my being in drink... tempted me to be a little turbulent." Thus Robert Burns in a letter to a friend and it might have been written to any friend at any time in his adult life, because he rarely refrained from offering, nor the Devil accepting, such opportunities. On this is based the standard view of Burns as a roisterer, whose chief delights were wenching and drinking until he was "roaring fou".

The picture has much truth, for in his short and vivid 37 years Burns did plenty of drinking and wenching. When he died it was widely accepted that excess had killed him; but if so, the bounding pulses of his poetry and songs justified it all. His satire, his penetrating observations of life, his moving long songs, even his rollicking bawdiness, are a permanent possession. Defending him against those who "make a parcel of wry faces" over Burns's character,

William Hazlitt argued that "he could hardly have described the excesses of mad, hairbrained, roaring mirth and convivial indulgence", as in "Tam O'Shanter", his greatest poem "if he himself had not drunk full often of the ton than of the well".

But there is more to Burns than booze and a trail of bastards between Edinburgh and his native Ayrshire. He was also a man of independent spirit and strong affections, who loved his children and his Scotland, and who had gifts of mind and conversation truly exceptional in one who began life as a poor farmer's son, with no advantages of fortune or education. His genius alone supplied the lack; and it had a severely practical

as well as poetical bent, for even at the height of his fame he did not lose his head. He understood that the adulation of Edinburgh society which accompanied the publication of his poems, and the honours he enjoyed as he toured Scotland afterwards, would not last. That is why he tried his hand at farming, and then worked as an exciseman; he had a wife and children to support.

Ian McIntyre is a biographer who, from his first sentence, transports you absolutely into the world of his subject. Opening his pages is like stepping through doors into 18th-century Scotland and meeting its inhabitants face to face. He sets his scenes with marvelous economy and richness; one is made instantly at home in Edinburgh and Ayrshire,

instantly familiar with Mr Creech and Burns's "Clarinda" and Robert Ainslie and many besides in the wide circle of Burns's acquaintance. Burns is the focus of a large industry, but McIntyre does better by giving us a shrewd, clear, com-

DIRT & DEITY: A LIFE OF ROBERT BURNS
by Ian McIntyre
HarperCollins £20, 461 pages

prehensive and wonderfully readable portrait of Burns as fallible man and gifted poet.

This is not to say that McIntyre always approves of Burns. There is a touch of the domineer in one or two of his asides, when he catches Burns

being ungallant to a woman or - a rarer occurrence - toadying someone of influence. Having much in the way of passion and flirtation to report, McIntyre at last remarks, in passing exasperation, that Burns "was constitutionally incapable of addressing a woman, on paper or in the flesh, without placing a hand on her thigh".

If the dour Calvinists of Scotland caught anyone at a "houghmagandy" (Burns's word for fornication) they would install him in a place of punishment in the kirk. Burns found himself there more than once; and behind McIntyre's lapidary prose one detects the faintest of wry smiles as he reports the fact. McIntyre is also strict in his judgments of Burns's poetry, praising

only when he is really convinced that praise is due.

This is therefore a balanced and frank account - although in the end McIntyre, like the rest of us, cannot help feeling affection for the gifted "skellum" of a poet with his vigorous appetites and sharp-eyed sense of humour.

Burns's life was short, and it was lived in a narrow geographical compass, but it is heroic in its proportions. The "ploughman poet" became the darling of high society, and comforted himself with credit there; he got into scrapes through ill-judged political enthusiasms, fornication and drink, but none of them were fatal; and the absence of malice in him, and his deep love of independence, left him in his own keeping until the very last months of his life, when illness made him unnecessarily afraid of penury. McIntyre maps the details of this big life in its little compass, and in the process makes Burns a "dourly crony" to his readers.

Fiction

Comic book heroes

Willocks's new book offers the kind of plot found in a Marvel comic. Clarence Jefferson, a semi-mythical, dead "lawman" sets the machinery in motion with the evidence he collected to indict corrupt politicians and capitalists in the American south. Jefferson has charged two people with the task of publishing the information: a millionaire, femme fatale, Lenna Parillaud, and Dr Grimes.

Grimes is a superhero martial arts expert who can also show a woman how her heart swings. Like Willocks, Grimes is a doctor turned psychiatrist specialising in the treatment of drug addiction, which may account for the stoned psychokinesis and far-out convolutions that pass for narrative.

Amidst the delirious celebration of the death of God, the death of death, the dissolution of interiority etc... Grimes and Lenna form a sparring partnership to deliver the "kingdom" from evil and more specifically to save Lenna's estranged daughter from her murdering, racist husband, Filmore Faroe. Pursuing Grimes and Lenna are a Cuban mercenary army and a foul-mouthed attorney. On the good guys' side are Grimes's father, George - second world war veteran and erstwhile union activist - and rock singer Ella. Inevitably good and evil meet up in hell and a blood-bath ensues. Jefferson himself has a nasty habit of rising from the grave, sometimes in italics, sometimes more graphically with gangrenous limbs.

BLOOD STAINED KINGS

by Tim Willocks
Cape £14.99, 311 pages

MARKED FOR LIFE

by Paul Magrs
Chatto £12.99, 277 pages

stab wounds and third degree burns. But in spite of his reputation - "His mind had become an abattoir of unsolved riddles" - he is really as sweet as a nut. Try as he might to frighten us, his philosophies on the nature of evil rarely sound more than a parody of Kurtz's. *Blood Stained Kings* would be stronger without these excruciating attempts to make it *Heart of Darkness*.

It is all very child-like, particularly over the last 100 pages, with its comic book violence. This would not be so offensive, if it were not for Willocks's attempts to invest his heavy-metal design with serious literary intent. The distinction between literary and genre writing has been blurred in recent years, and Willocks is straining for such a cross-over. But his characters are no more real than Batman.

The characters in Magrs's first novel are very much of this world. Disenfranchised, unemployed, drab, they are grounded in a subliminal housing estate in the north of England, a milieu that only a gifted novelist could do anything with.

Magrs depicts all their lives movingly and with an exactitude that belies the author's age (25) and writing experience. The antecedent of *Marked for Life* is the Northern realism of Eliot and Beckett. Magrs inverts these stereotypes with the sexual politics of Jeanette Winterson and the magic realism of Angela Carter and peppers the text with popular culture references.

Mark, every inch of his flesh tattooed, is a bisexual house husband, cuckolded by his wife, Sam, who works in a department store in the local shopping mall. Tormented by Mark's sexual past and her mother Peggy's open lesbian relationship with the Orlando-esque Iria, Sam seeks refuge with a phlegmatic policeman, Bob. In spite of their unloveliness, all these characters are sympathetic - a measure of the generosity Magrs shows them.

When Mark and Sam's daughter is kidnapped, they unite to get the child back and reach the conclusion that marriage is a construct which does not fit everyone. The denouement is a surprise only in so far as it is a sudden departure from the established form. derivative of Angela Carter, and perhaps comes too late. But for the most part the novel is a beautifully written and witty debut.

Russell Celyn Jones

Incurable beachcomber

The Mediterranean still has the power to surprise even the most seasoned of travellers, says Iain Finlayson

Here is the man who was rude about Rye, disabliging about Aberdeen, on his coastal tour of Britain, now taking a year to beachcomb the Mediterranean coast. His temper has not much improved, although he is now more conscious of it. When he has been particularly grumpy, he occasionally, disingenuously, admits it, advising the reader to carry on regardless: he'll get over it. Besides, this is Theroux's trip - not the reader's.

Get used to it. Theroux is not going to give up his tour of the littoral, the fringe of things, the edge where customs and civilisation tend to fray. Like many travellers before him, Theroux generally finds that abroad is Ghastly. He appears to regard the itch for travel as an unfortunate affliction. When he realises he has contracted, say, China Fever, the only remedy is that he must go to China. Like toothache, the nuisance remains until the necessary root canal work is done and the nagging nerve finally deadened.

Unlike his travels in Africa, Polynesia and South America, continents that swallowed him as a traveller, Theroux finds that "Europe and the Mediterranean in particular is like a stage set. It gives drama to a trip - it is a background." One imagines Theroux on his Grand Tour, posing for a Baton portrait against a classical setting of ancient monuments and Arcadian groves. But the ruins of ancient monuments do not interest him - Greece is "a cut-price theme park of broken marble".

The Grand Tour is banal, and Theroux knows it. He is forever on his guard against writing anything that can conceivably be seized upon by an astrophysicist as constituting a recommendation - a fate that h notes has befallen Eric Nabry, "a quotation cobbled

together from the six pages he devotes to the Negroscio in his book on his trip around the Mediterranean is displayed on a placard in front of the Negroscio's Chantecler restaurant in Nice."

Everywhere there are three major unavoidable irritants - graffiti, Germans and tobacco. Every country has its own particular cultural horror - bullfights in Spain, for one.

He is disgusted by bullfights, but curiously goes again and again, partly to exorcise the ghost of Hemingway. "It was impossible to be in Spain and not think of Hemingway."

THE PILLARS OF HERCULES, A GRAND TOUR OF THE MEDITERRANEAN
by Paul Theroux

Hamish Hamilton £17.50, 523 pages

Well, maybe for an American. Europeans might think first of Lorca, Orwell, even Norman Lewis whose classic memoir of the post-war development of the Spanish coast, *Voices of the Old Sea*, is not among the various books Theroux consults on his visits to Torremolinos and other tourist resorts.

Wisely travelling out of season, Theroux cultivates a creditable acquaintance with the dead. Dorothy Carington, living frugally in Corsica is a major coup. One is glad to meet this elderly, resilient, intelligent woman whose books about Corsica are still the most relevant resource for the traveller. In Barcelona, we are told about Dali; in Deja, Majorca, Theroux is nicely respectful of Robert Graves. He has everything good to say about the shade of Carlo Levi at Allano, Odd, then, that on his swift tour to Rijeka, formerly known as Fiume, he says nothing about the dandy adventurer post Gabriele D'Annunzio who ruled there for a year in 1920/21 as dictator of

the city - a natural, one would have thought, for a Therouxian excursus. There are charming encounters with ailing, elderly writers - Naguib Mahfouz, shortly after his near-fatal stabbing in Cairo and the inevitable visit with Paul Bowles in Tangier.

Theroux displays one great virtue throughout this lengthy book - he speaks the languages. He gets by in French, Italian, Spanish and German. Language is the great key to the culture and to the people. So, of course, is sex. Rimbaud learned the languages of Afghanistan by sleeping with as many women as there were dialects. Theroux is more sober. Indeed, he is entirely remote from vice. He is not only appalled, as a non-smoker, by tobacco consumption throughout the Mediterranean, but by the ready availability of hard-core pornography at kiosks. He drinks only moderately; he is a vegetarian and above all - no indication to the contrary - he is uxorious.

He is surprised and gratified that even in Godforsaken Albania, just as easily as in Godforsaken Spain, he can drop money into a call box, dial a string of numbers, and speak instantly to his wife in Honolulu ("Who's that singing in Spanish?").

Theroux brings out the essential disappointment and tedium of travel. When he describes Europe as a stage set, one understands the feeling of having sat through a bad play. And yet, and yet, this current bout of travel fever has not been cured. "This was unlike any other trip I had taken, because although the journey wasn't, Goethe famously remarked, 'Experience is only half of experience.' Maybe these Europeans (a German even) have something to say to the inveterate traveller who finally settles on a place to which he will return.



Seventeenth century stucco by Michel Anguier and frescoes by Giovanni Francesco Romanelli in Anne of Austria's Summer Apartment from "The Architecture of the Louvre" (Thames and Hudson £26, 224 pages) by historian Genevieve Bresc-Bautier with photographs by Katchi Tahara

A walk on the dark side of humanity

These authors have exorcised their own demons, writes Nick Curtis

However hard a journalist tries to elevate his true-crime book, a discomfiting whiff of the lurid cash-in lingers. Both Vincenzo Carcaterra's *Sleepers* and Andrew O'Hagan's *The Missing* are unusual examples of the genre: Carcaterra's cause it is his own, incredibly true story, and O'Hagan because it aspires to something serious and new.

Both re painstakingly researched. Both are in some way intimate works, and both entice the reader with the promise of vicarious walk on the dark side of humanity, where rape, violence and murder are the rule.

The film *Slipstream* has already been sold, and the book res as if it were written with a mind on the cinema. This tough, two-listed tale New York street-life and a victory of rough justice for the law is paced and edited like a film, with odd jumps and fades breaking the narrative.

Carcaterra plays to fictionalising details and names to protect those involved in what is, after all, deliberate perversion of a real trial. Rather than merely disguise his "characters", Carcaterra them, so they speak like dime-store Cagneys.

When not on pulchritude - cinematic and literary. Carcaterra's mind is on Laps, as this book is an exorcism of his own demons and a plea to his own innocence. In the 1950s and 60s he and his three criminal Italian-Italian friends, Michael, Tommy and John lived through the streets of New York until one of their pranks nearly killed a

Thereafter, as inmates of a reformatory school (sleepers), they were brutalised, beaten and raped by sadistic guards. This horrendous treatment is Carcaterra's justification for the fact Tommy and John later murdered one of the guards, and he and Michael - then a state prosecutor - conspired to get them acquitted and ruin the other guards' lives.

It seems a fantastic story. While the depth of Carcaterra's feeling is unquestionable, his melodramatic style makes you wonder how much he has bent the truth: the evidence of trial-rigging would be enough, if accurate, to put several of the denizens of Hell's Kitchen behind bars.

His description of the abuse in the school and the mental and physical scars it left rings true, but elsewhere the story seems glossed, the characters simplified and the dialogue tweaked. It is no coincidence that *The Count of Monte Cristo* is mentioned as the quartet's favourite book, since Carcaterra's is just as compelling and just as naively romanticised. The truly weird thing is that it is true.

There are several true stories in Andrew O'Hagan's *The Missing*, all pertaining to those who, one way or another, disappear.

O'Hagan begins with his own grandfather, lost at sea during the war, and ends with the missing but never-missed woman buried in and around 25 Cromwell Street, Gloucester.

SLEEPERS
by Vincenzo Carcaterra
Century £15.99, 325 pages

THE MISSING
by Andrew O'Hagan
Picador £14.99, 244 pages

the "house of horror" occupied by the deceased, suspected serial killer Fred West.

First impressions apart (and section headings such as "Westworld" make you fear the worst), this is not salacious grave-digging, but the product of O'Hagan's genuine if vague fascination with the missing.

He seems to be trying to understand how people get lost or lose themselves, and how society allows it. It is a huge,

unknowable subject which people with more time, money and manpower than this author have failed to master. O'Hagan knows this, and adopts an approach that is random and associative, and often personal.

The tracing of his lost grandfather is tied with a hymn to a long-lost Glasgow, there is a hint that a series of murders in that city during his youth may have been committed by Fred West, and he links the viciousness of his own boyhood gang to the killing of Jamie Bulger.

He spends time with the lost of London, the homeless and hopeless, and tries to restore to the dead the rightful stories of their lives. The result is a sporadically touching book with a raw, unfinished feel to it.

O'Hagan is driven by emotion rather than logic, so while we are a free people is a people with a good memory and a good imagination: a good memory, so that the distinctiveness of the past is preserved, a good imagination, so that the distinctiveness of the future is anticipated. The English people, Hoggart suggests, have, in recent years, begun to lose both qualities.

England today, argues Hoggart, is a society without a proper sense of history or of future possibility. In place of history there is nostalgia, in place of progress, pragmatism. It is a society in danger of ceasing to develop, to grow, to improve, succumbing instead to what Hoggart describes as a "surfriding phase" in English life, a "world of short breaths and short distances, more a matter of spinning round in grooves than of taking off into

Margaret's legacy

Graham McCann on a critical appraisal of the English

Richard Hoggart does not think much of the way we live now. By "we" he means the English, and by "now" he means the years since Margaret Thatcher first came to power. Few readers will find his dissatisfaction surprising. Hoggart has, after all, been a pawkly, powerful and articulate critic of the way we live now for more than 40 years. Now, like then, he seeks to highlight the threats to a certain tradition of moral decency, of, if one likes, being human, in a modern commercial society.

According to Hoggart, we are not as free as we like to think we are. A free people is a people with a good memory and a good imagination: a good memory, so that the distinctiveness of the past is preserved, a good imagination, so that the distinctiveness of the future is anticipated. The English people, Hoggart suggests, have, in recent years, begun to lose both qualities.

England today, argues Hoggart, is a society without a proper sense of history or of future possibility. In place of history there is nostalgia, in place of progress, pragmatism. It is a society in danger of ceasing to develop, to grow, to improve, succumbing instead to what Hoggart describes as a "surfriding phase" in English life, a "world of short breaths and short distances, more a matter of spinning round in grooves than of taking off into

the high blue yonder". It is not so much an open society as a "collectively solipsistic" society, enslaved to a self-generating and self-defining individuality. It continues to honour the old democratic trinity, but in a new and cynical way: Liberty "to make money by trampling on those in your way". Equality "only at the very start of the rat race and with no allowance for the initial disadvantages of others", and Fraternity in the form of mere "false bonhomie".

At the heart of this malaise, according to Hoggart, is our gradual slide into relativism.

The powers of authority, both secular and spiritual, have been eroded. In their place are forms of relativism, which have in turn encouraged populism in politics and leveling in society. This suits those on the right, argues Hoggart, because they know that, "behind the slogans and the blarney, most leveling is bogus"; it suits many on the left as well, either because it allows them to patronise those low down in the heap.

In our culture, this process has encouraged "quality-reductionism of all kinds - from food to moral judgments", and, as a consequence, "the unim-

placable modish approach to all things concerning taste". This secular trend, according to Hoggart, found its lowest level in the opportunism of the British governments of the last two decades. The relativistic society came to be governed by people who were willing to favour selfishness at the expense of service.

Perhaps the greatest source of anxiety, and anger, for Hoggart (a self-styled "irreducibly Arnoldian and Leavisite" critic) is the state of education amid this oppressive atmosphere. He sees in England a society "whose members are insufficiently educated for its complexities, educated only to the level at which they may be exploited".

The Way We Live Now is, of course, a polemic; it sounds more of a call to arms than a note of resignation. Polemics, when summarised, can sound simplistic and crude, but Hoggart's arguments, in context, are detailed and thoughtful. Unlike many academic discussions of the same theme, this text was written, without doubt, by a real human being. As he rails against what he sees as a "general and diffused poverty of the spirit", and the process whereby a "partially civilised" England is succeeded by "a morally maimed society", he demonstrates that not everyone, even now, has lost the passion, the decency and the critical rage that he mourns.

THE WAY WE LIVE NOW
by Richard Hoggart
Chatto & Windus £18, 352 pages

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ARTS

Hockney shows why he's still a big draw

William Packer takes a retrospective look at the artist as draughtsman

A fascinating and revealing study of David Hockney as a draughtsman opens with two drawings made at Bradford School of Art, where he was a student between 1953 and 1957, and one made when he first came up to the Royal College of Art in 1959, after his National Service. They are of the nude model in the life-studio of a Bradford street - as preliminary, presumably, to a painting - and of the human skeleton. They are the key to all that follows.

The somewhat breathless catalogue is, however, just a shade disingenuous on their relation to the training the young Hockney received, suggesting it was in some sense unusual and restrictive in its academic emphasis upon the life model and objective drawing. In fact the first two years to intermediate, with its examinations in perspective and anatomy as well as life-drawing, followed by the further two years to the National Diploma - in painting in his case - would have been common to art schools throughout the country, and remained so until the mid-1960s.

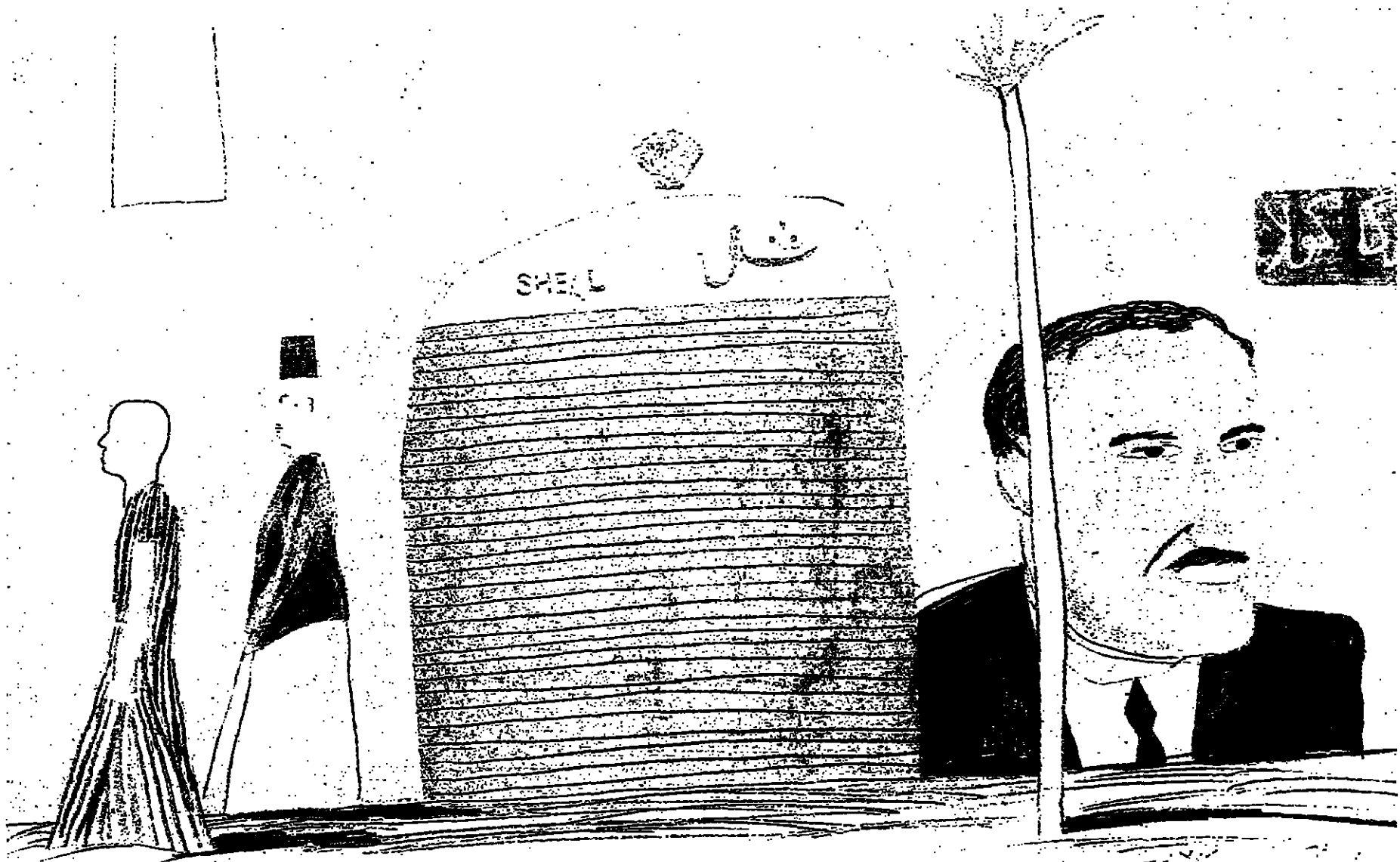
His was clearly a precocious talent, and just as clearly it matured and flourished under that regime. The life-drawing in particular, dating from 1954, when he was only 17, and carried out in Indian ink, prefigures so much of what is to come. The eye for detail, the light and

varied touch, the naturalism - which are all to be found, for example, in the recent drawings of his dog, Stanley, or in those of his mother he has made throughout the years - all are there.

To suggest then that the exquisite drawings of the skeleton, that he made in his early days at the Royal College, marked a rejection of that first academic grounding, makes no sense. Rather they mark the artist returning to himself and finding his way again after that enforced interval of National Service. And they mark, too, an unconscious celebration of those instilled disciplines of draughtsmanship and observation, by now second nature, that made them possible.

If from this moment, the young Hockney should then move on for a while, to find his imagery in fantasy, invention and photographic reference, rather than in observed reality, so be it. The fact remains that, from now on, the line to be made by the chalk or pencil or magic-marker at his fingers' end, was his to command in its subtlest inflection, whatever the nature of the image. For all his extraordinary gifts, his are, nevertheless, a taught and educated hand and eye.

The uses and virtues of drawing are much debated, and Hockney himself is vigorous in their support. Mind you, he has been rebel enough in his time. He it was, we remember, who in defiance of the rules



"For all his extraordinary gifts, his are, nevertheless, a taught and educated hand": Hockney's 'Shell Garage, Lizzor' in coloured crayon, drawn in 1963.

presented as his *Life Painting for a Diploma* an image worked up from a muscle magazine, with the direct result that the Royal College then abandoned that useful requirement. But the point with him is that even in his apostasy, he makes the argument in defence and praise of the disciplines of drawing, founded in technical command and constant close observation of the real and visible world, in every mark he makes.

Indeed, it is as a draughtsman that he has always been most true to himself as an artist, for it has

never been in the stuff of paint itself, or in its modelling and handling, that he has expressed himself as a painter, so much as in the graphic disposition of line and pattern and flat, bright colour. He is a natural illustrator and has proved himself a masterly designer for the theatre. But with the sketch-book open on his knee, or the paper on the board before him, he seems to forget his public face and reputation, losing himself in the reality that currently intrigues him, whether it is a bunch of leeks in a bowl, or the friend who poses for

him just like the model in the art school all those years ago.

How cunning he is in all of it, how deliciously clever. One quirky descending line describes the crumpled front of his mother's dress. The crossed feet of his father appear refracted through the glass tabletop. The bright intensity of an Arab's blue burnous, the fuzziness of Ossie Clark's Fair Isle sweater, the shaven on a green pepper, are noticed, understood and, by some quiet miracle, described. He more than anyone is the true master of the coloured pencil.

It is an uneven show, maddening at times in the complacency and slackness of some of the later inventions, when compared with the taut energy of the earlier work. And some of the portrait studies suddenly seem over-sweet and sentimental. But the underlying wit and intelligence are never far from the surface, playing games with art history and pictorial convention. And always there is the essential reality of the figure to which he must constantly return, and to a shared humanity with the individual before him.

That is his great and consistent strength, hidden though it has so often been beneath layers of self-conscious trickery, fun and games. It is a strength which brings together that student life-drawing of 40 years ago and the very latest loving studies of his mother in her extreme old age. David Hockney is an old-fashioned humanist after all.

David Hockney - A Drawing Retrospective: The Royal Academy of Arts, Piccadilly W1, until January 28. Sponsored by BMW (GB) Ltd in association with Harpers & Queen.

No lottery prize winner has won the jackpot twice. But that is the aim of Patrick Deuchar, chief executive of the Royal Albert Hall, who next month hopes to hear good news, followed by more good news.

The Royal Albert Hall is exceptional in having two bids in for lottery cash: it is seeking £55m from the arts fund and £15m from the heritage. As with the Royal Opera House refurbishment, most of the money will go behind the scenes, making it possible for a Victorian building to cope with contemporary productions and turn them round more rapidly. Deuchar is sanguine. He has transformed the hall since he took over six years ago, tripling its annual turnover to £20m, of which the hall, a charitable trust, receives around £5m to cover costs. But he reckons that he can only attract new audiences if they enjoy better facilities.

The new audiences are certainly coming. He aims to raise

'Village hall' goes for broke

Antony Thorncroft on why a London institution is hoping for good news from the lottery

both the number of shows presented there each year from 260 to 320, and their quality - by dropping some private functions, the less successful charity galas, and the run-of-the-mill classical concerts, replacing them with longer runs by star acts.

At present the hall has two successful annual seasons - eight weeks of the BBC Proms in the summer and 12 nights of Eric Clapton each spring. While he waits to hear from the lottery boards Deuchar is constantly checking the box office returns to see how his artistic initiatives, designed to add two more profitable seasons to the schedule during the dead weeks of January and February, are getting on.

One of these is an opera season. The inimitable Raymond Gubbay's production of *La*

Bohème - scheduled for five nights in February but likely to be extended - is already proving a box office hit, taking almost £150,000 in the first three weeks. The other is an animal free circus, the Canadian Cirque du Soleil, which is booked in for most of January.

The other dead period is after the Proms in October. Deuchar is investigating the insertion of a flat floor, covering the stalls area, which will enable the hall to be used for trade fairs, exhibitions and sporting events. This year, as soon as the Proms ended, the RPO moved in for its first concert as the new house orchestra. It attracted an audience of 3,200 - above expectation - and 10 concerts this season may be extended to 20 in 1996-97.

To get lottery funding you

must provide some matching money. Deuchar has appealed to the 340 seat holders (often descendants of the original subscribers and those newcomers who can afford to buy a grand tier box for £20,000) for £1m, and plans to dedicate the annual surplus, which can reach £1.5m, to the project in the foreseeable future.

There is one conundrum facing the Albert Hall's application. It may attract 1m people a year; it may promote itself as the nation's village hall; but the inevitable consequence of any successful rebuilding will be larger surpluses. Is the hall a worthy enough cause for this cash transference?

Deuchar intends to use any surpluses to encourage the arts and sciences. He anticipates a £1m annual surplus going towards scholarships, commis-

sions and lower seat prices.

"On the government's side - Treasury, please note - we will make no case-by-case reductions on conventional spending programmes to take account of awards from the National Lottery. The money raised by the lottery will not replace existing government spending."

Will the prime minister's words in September 1994 return to mock him later this month when the heritage secretary Virginia Bottomley surveys her shrunken £1bn budget for 1996-97?

Perhaps not. Just by freezing the arts and heritage budget for a year or two the Treasury will make useful economies and John Major will save face. This is what will probably happen this time, indeed, a year ago the Arts Council and most

museums were told to expect a standstill grant for 1996-97. This has usually proved a false alarm, but not this time.

So for the next year or so we will witness the extraordinary sight of hundreds of millions of pounds of lottery money refurbishing most theatres, concert halls, museums and arts centres in the nation, while the money available to pay artists and administrators is reduced in real terms.

It is an idiotic situation and that will compel politicians to blur the lines (in around two years' time?) and allow lottery money to be used for revenue as well as capital spending. Of course that will inevitably mean smaller annual grants for the Arts Council, the National Heritage Fund, museums and the like. And Treasury will end up laughing.



Patrick Deuchar: artistic initiatives at the Royal Albert Hall

However much we may enjoy *Cracker* and *Pride and Prejudice*, and all the other television dramas in which huge efforts are made to achieve realism, many of us hanker for more fantasy, more fab, less reliance upon scrupulous reproduction of the natural world and greater recourse to the imagination.

Time was when this appetite was satisfied by the single play which often abandoned realism in both content and style. In the 1960s people such as Dennis Potter, James MacTaggart and David Mercer regularly offered dramas featuring angels, magic and other aspects of the supernatural. Non-realistic studio techniques were used to distance such work from the obsessive authenticity of costume drama, with its bustles and vintage

Television / Christopher Dunkley

Realism versus fantasy cravings

The TV movie is vital for satisfying many appetites

motors, and modern drama, with its car chases through dockside slums.

Now the single play is a rarity and that appetite has to be satisfied - if at all - by modern American fantasies such as *Star Trek* and *The X-Files*. However, television movies have to some extent taken over the role of the single play and this weekend brings two exam-

ples which, although they do not reject realism as vigorously as MacTaggart did with his technique in *Candide*, or Potter with his content in *Blue Remembered Hills*, do nevertheless go well beyond the normal reliance on crinolines and skidding police cars.

The first is *Great Moments in Aviation* which opens a new season of BBC2's Screen Two, the slot that showcases BBC films that sometimes end up (occasionally start out) in the cinema. This particular example is notable because it was written by Jeanette Winterson, directed by Philip Ridley, and produced by Kiliparra Giles, the trio which first came together to make the splendid serial *Oranges Are Not the Only Fruit*. Today's offering is nowhere near as good, though there are notable elements.

The cast, for instance, is amazing: in spite of the presence of Vanessa Redgrave, John Hurt, Dorothy Tutin and Jonathan Pryce, newcomer Rakie Ayola sails through in the leading role of Gabriel Angel, a young West Indian woman travelling to Britain by ship in 1957.

Like those 1940s films with stars such as Bette Davis and Cary Grant, this takes the ocean liner as its paradigm for the world and, as in those films, we get a broad range of types: homecoming missionaries who are discovering their

lesbianism late in life; a man mistakenly booked to share the heroine's cabin, who may or may not be a Scotsman, a liar, a forger and a murderer; and an art expert who may or may not be the victim of the Scotsman.

Kidron's use of a sequence of beautiful studio sets is masterly, and there are occasional pleasing moments as when missionary Redgrave lays out Pryce with a Bible which she then reveals is her steel-plated emergency version. Too often, however, as with the tide, you feel that Winterson is straining for significance and the trappings of cleverness. One of the missionaries is called Miss Quim; people say things like "Do come, you can have a part to play, you can be whoever you like", and so on. What is missing is that unforced passion which gave such power and impact to *Oranges*.

The other film is *Twins Peaks: Fire Walk With Me*, on BBC2 tomorrow night. This is the first showing on terrestrial television of the 1992 "prequel" to the extraordinary saga that was begun by David Lynch in 1989 with a film which led to the cult series about the murder of a high school girl in a small town in the Rockies. There is a certain paradox involved in this latterday offering: it looks, in some respects, like an attempt to provide, at

least for cinema-goers, those more explicit and shocking aspects of the story of Laura than could be shown in the television series. And here it is being shown on television.

Those who found the original work with its *Log Lady* and his scarlet dwarf (who recorded his lines backwards, only for the film to be run backwards, thus producing a weird forwards effect) irritatingly mannered and baffling will find this similar or even worse. But those who were willing to enter into Lynch's bizarre par-

allel universe, and accept it on its own terms, first because it entertained and made its own sense - like, say, *Alien* in *Wonderland* - and second because it did reflect very powerfully on the real world, may find this the most striking part of the fable. Though it is still decidedly strange in style and content, and you do have to suspend disbelief with even greater deliberation than usual, you realise at the end that the facts of the matter have all been revealed. And very unpleasant they are.

This is dark and elemental stuff, with Lynch being not unrealistic but brutally realistic about modern American mores, specifically in regard to drugs and sex. True, he keeps on playing with the medium, ideas from, or simply reminding you of Polanski's *Repulsion*, Cocteau's *Orphée*, and all those cosy American home-town movies which ignored the Lynch aspects of life. But he is no mere pasticheur or parodist. His work with film is sometimes closer to that of painters or musicians than to other film directors. It is often called surreal but is actually closer to impressionism. Without literal representation he conveys a vivid, almost overpowering, impression of his subject.

Radio / Martin Hoyle

This is serious

Where is Britain's first urban oasis? In Salford, within a Duckworth shrike of the Bover's Return, where a tower block community is planning its own garden, its own produce and its own environment, based on the example of Bedouin settlements in the desert.

However improbable this sounds, it was the heartening news of Radio 4's *Costing the Earth*, the admirably uncranky environmental magazine programme that balances idealism with common-sense.

The return of a new series also explored a way of stopping the slow death of Scottish village life, a method adopted by German, Swiss and Scandinavian communities that entails taking over and running the local forest.

This is not much help to those rural areas without forests, but the principle, that the locals were better qualified to exploit the local resources, sounded not too revolutionary.

Bertolt Brecht might have been getting at the same message in *The Caucasian Chalk Circle* when he concluded that things should belong to those who look after and love them. (The fact that the same argument has been adduced by colonialists and, say, white settlers, appeared not to worry him.)

There has been no Brecht on the radio recently but there has been comedy of a sort. Is it a sign of panic that humour, as represented by BBC Radio, is looking nervously over its

shoulder? There seem to be a lot of repeats at the moment. I don't refer to Radio 2's *Comedy Classics* which is a deliberately planned treasure trove of nostalgia (last week's recollection of Tony Hancock proved no disappointment).

Do we need another run of *Beachcomber*... By the way in that bargain basement job-lot called *Late Night Opening* I reverse *Beachcomber*, but I resent him being taken over by the ex-editor of *Private Eye*, even though that organ's customary snoot and venom are kept mercifully under wraps on Radio 4. Another rebash of Simon Brett's *No Commitments* was simply not as funny as promised - and not as funny as the original *After Henry* - in spite of an accomplished trio of actresses fleshing out the welcome adult treatment of love, sex and domestic trivia.

What are the new equivalents? Well, *Moving* has come and gone unable to get its act together, uncertain whether to be sitcom, domestic drama or social satire. The story of two brothers, their troubled building firm and their emotional entanglements, it aimed at Ayckbourn and too often ended up as had Donald Magill.

Gary Brown's *Any Blake* also suffers from what one might call the *Two Point Four Children* syndrome, taking its inspiration from the nerve-grindingly monotonous television sitcom, almost offensive in its bland inoffensiveness.

Freed from a fictional story-

line, *First Impressions* is on Radio 4 rather than Radio 2 presumably because of its occasional grown-up politico-satirical content. The main impression (no pun intended) it leaves is that - old cliché though it is - women are not as funny as men. They are also hampered, in the impressions business, by a relative lack of famous women to impersonate and an inability to sound convincing as a member of the opposite sex.

One of the regulars, Steve Nallon (the voice of *Spitting Image*'s Margaret Thatcher), has an unfair advantage in his brilliant assumption of viragos; but there is no excuse for one woman whose speciality seemed to be the late Joan Greenwood, whom she attempted to impersonate with embarrassing lack of success, and then pointed out how similar Fenella Fielding sounds - which she does, but not in another inept imitation.

It's a serious business, comedy; and should be left to professionals, like politi-

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SPORT / OUTDOORS

Rugby / Huw Richards

Turning point or false dawn?

Wales outside-half Neil Jenkins has good reason to look more preoccupied than usual when he takes the field against Fiji at Cardiff this afternoon.

A 37-match international career has accustomed Jenkins, still only 24, to criticism. But having one of the men who selected him - JPR Williams, join the chorus is something of a novelty.

He is used to large sections of the Welsh public wanting someone else in the tattered No.10 shirt. But this time the rival is a man nine years older whose union career looked to be over seven years ago - Jonathan Davies, captain of the Wales Rugby League XIII, who has returned to his original code with Cardiff.

Former league men playing union is not new. French Test centre Jean-Marc Bourret made the move in the early 1980s. Glyn John was capped twice for Wales in 1954 after playing league for Leigh in 1949 - since he was under 18 at the time and repaid his signing-on fee, he was allowed reinstatement as an amateur.

Evan and David James are, arguably, the closest precedent. These two brothers were pioneers of the Welsh school of dynamic, darting half-back deceptionism of which Davies is so vivid a member. They deserted Swansea for Broughton Rangers in 1892 - before the 1895 league-union schism but when northern clubs were undoubtedly, though unofficially, paying players.

The Welsh Rugby Union had no doubt and banned them. Reinstated four years later, they were recalled by Wales in 1899 and inspired a then-record 26-3 hammering of England - only to return immediately to Broughton Rangers as open professionals. The expectation of Davies is that, omitting the anti-climatic coda, he should accomplish something similar.

There is no doubt of his immense standing as a player. Jonathan Humphreys, a hooker of craft and quality, heads Wales today. Yet mention "Jonathan" in Wales and there is no doubt who is meant - Davies, peer with Gareth, Carwyn, Bleddyn, Merv and very few others of a group whose first name alone is sufficient for recognition.

Davies recognises the ironies in this and is quoted as saying: "When I left I wasn't sure of my place. Now I'm supposed to be the saviour of Welsh rugby."

In part this recognises his brilliant league career, culminating in taking Wales to the world cup semi-final. But if brilliance is one way to popular esteem, another is unavailability - sport's equivalent of rock music's "death as a career move".

Cricketer Graham Gooch did not become a great player until his late 30s. But his reputation got there before he did, propelled by his three-year ban from a struggling England team several years earlier.

In football, Kevin Keegan's home reputation grew more in his spell with Hamburg than it could ever have done had he been visible every week, good games and bad, to British fans.

Welsh fans have compared the unhappy reality of the last seven years with what they imagine might have been with Jonathan still there. It might not have been that different - the decline in Welsh rugby, as intractable as the failings of the British economy, pre-dates his departure.

With him as captain, Wales gave up 106 points in two meetings with New Zealand and went down at home to Romania. No such regrets attended 1990's outside-half Dai Watkins or early 1990's scrum-half Terry Holmes, both of whose departures to league caused deep initial angst in Wales. But they were replaced by others of comparable quality - Watkins by Barry John, Holmes by Robert Jones.

By contrast Davies' reputation has been tarnished by the struggles of his successors. His return to Wales coincided with the departure for Leeds RUFC of the most initially promising of those successors - Llanelli's Colin Stephens, an archetypically Welsh, short, dark, darting outside-half whose confidence never quite matched his talent.

Repairing confidence could be Davies' greatest contribution on his return. Top level sport is played as much with the mind as the body. He may by his simple presence infuse a Welsh XV with the confidence and self-belief they have been lacking in recent years.

A recent Welsh parallel can be found in the way West Indian batsman Viv Richards helped revitalise the perennially unsuccessful Glamorgan cricket team in the early 1980s not so much by the quality of his batting, though that remained pretty useful, but simply by being there.

Welsh pessimists - a tautological group of late - will point out that the two years since Richards' departure have seen Glamorgan revert to type. Davies will have to re-learn the conditioned union instincts he had to suppress and discard on changing codes.

While league remains the more physically demanding game, he may find that re-learning old tricks is harder at 33 than acquiring new ones was at 26. In pure playing terms the league man Wales could really do with is prop Dai Young of Salford, still only 28.

It will take more than one player, however great, to restore Welsh rugby to serious competitiveness. But however short-term his return, Davies represents badly-needed hope and glamour. How others respond will determine whether this is its turning point or merely another false dawn.

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Part of the union: Jonathan Davies ponders his next move

Athletics / Pat Butcher

Hitting the wall in New York

The New York Marathon did not start the jogging boom, but you could be excused for thinking that it had. When, following the huge popular races in New Zealand and California in the mid-1970s, Fred Lebow persuaded Mayor Ed Koch and the New York Police Department to let him take his six-year-old event out of the confines of Central Park and through the five boroughs, it was the signal for a whole generation across the world to hit the roads.

From Paris to Penang, from Berlin to Beijing, from London to Lhasa, people to whom even the thought of running for a bus was enough to induce dizziness, were diverting themselves of their clothes and their excess poundage, and lining up to run a 42km road race.

From being treated as a social misfit for 10 years, because of a tendency to trot half-naked down a suburban street every morning, suddenly I was being advised by my next door neighbour's mother on the vagaries of carbohydrate loading and interval training.

She has since moved on to Aerobics and Pilates, but the marathon boom, in spite of a decline from its early 1980s peak has lasted longer than the hula-hoop and various other fads. New York stayed in the vanguard, with a succession of high profile winners: from "Boston Billy" Rodgers, and Alberto Salazar in the men's race, to Grete Waitz's record nine wins in the women's event, with a couple of world records en route.

Those records, since discredited because of short courses, were testimony to Lebow's old-fashioned carpet-bagging showmanship. Born Fischel Lebowitz in Romania, Lebow had come to marathon running via the rag trade, and he knew how to raise a storm of ink.

A media battle between the New York and Chicago marathons (only a week apart in the autumn) was successfully fuelled by Lebow and Chicago's Bob Bright, both with million dollar budgets: and tight finishes, as when New Zealand's Rod Dixon caught Liverpool fireman, Geoff Smith with less than 400 metres to run in 1983, kept the Big Apple race high on the international athletics menu.

But, when the 25,000-plus field lines up on the Verrazano Narrows Bridge tomorrow morning for the 26th running of the event, some might wonder if the race has more past than future.

New York lost its live network television coverage two years ago, when ABC blamed declining interest nationwide; Lebow, the event's motive force died last year; and one of its prime sponsors, Mercedes-Benz has pulled out. As London Marathon race director, Dave Bedford, says: "If you haven't got television, you haven't got sponsors, you haven't got a race."

The cable channel, ESPN, has come to the rescue, but with far less audience reach than network. That may be the primary reason for Mercedes' opt-out, but one company insider also whispered: "We don't need to publicise our product in Mexico any more," a reference to a succession of foreign winners, three of the last four from south of the border.

Every director of a big city marathon prays for a home town winner. It virtually guarantees a successful run-up to the following year's event. But New York has not seen an American man or woman come anywhere near winning for more than a decade. And with the US Olympic Trials being held elsewhere in two months, there certainly will not be one this year either.

Peter Gambaccini, author of the New York 25th anniversary book says: "I don't have great confidence in the future of marathon running in the US. People like Bill Rodgers thought

hard to get money for marathon runners, but now with a busy 10km road race circuit, youngsters can earn up to \$5,000 every weekend. They don't seem to want to risk humiliation running marathons against Kenyans and Mexicans."

But in true New York style, Alan Steinfield, the new race director, is optimistic. He talks of replacement sponsors, and reflects that the city itself is the race's biggest attraction. "If Fred (Lebow) had done in Chicago what he did here, it wouldn't have worked. New York City turns over \$100m during marathon week. Thirty to 40 per cent of our entry comes from abroad, that's the biggest percentage of any major marathon."

"An US winner would improve our event, but it would benefit TV more. But our local TV ratings are fabulous."

The marathon itself will soon be 100 years old, having been created for the first modern Olympics in 1896. Like New York, it has gone through some lean years, but it has kept going without hitting the wall. Steinfield is sure New York will still be there. German Silva of Mexico and Tadeo Larue of Kenya return this weekend to defend the titles they won last year when, as Steinfield says: "We were fortunate in that they both speak good English. Our television audience needs to be able to relate to the winners."

Motoring / Stuart Marshall

A sticky patch for new off-roaders

The off-road juggernaut has struck a sticky patch and is floundering to find grip - but is the situation terminal? All the makers and importers of 4x4 recreational vehicles are praying it is not. But that bible of the forecourts, *Glass's Guide to Used Car Values*, is pessimistic.

The bubble, it says, may have burst. Demand for new off-roaders is falling fast. Second hand values are sliding, in part because the young and trendy are forsaking them and going back to hot - well, warmed-up - hatchbacks now insurance premiums are less ferocious.

Glass's Guide points out that British sales of virtually all

4x4s have declined. The Vauxhall Frontera is 26 per cent down, followed by the Ford Maverick (19.5 per cent), Daihatsu Fourtrak (18 per cent) and Isuzu Trooper and Suzuki Vitara (both 11 per cent). Even demand for the all-conquering Land Rover Discovery is, says the guide's chief editor, Ernie Fenn, 4 per cent down, year on year.

The arrival of two Korean imports, the Saangyong Musso and Kia Sportage, has increased competition but Fenn reckons they have "little or no discernable on or off-road advantages" and that their residual values will probably follow those of their rivals on a bumpy downhill ride. (Only the brave ever

challenge *Glass's Guide*. I cannot fault its general conclusions. But both Saangyong Musso and Kia Sportage call for a lot less money up front than most other 4x4s and are really rather good as on-off roaders, if you actually need that sort of thing.)

Fenn says the reason for the decline in demand is mainly cost-driven. Servicing a 4x4 is more expensive than a normal car and big, petrol engine off-road vehicles are seen as heavy drinkers.

Among recent newcomers is a turbo-diesel version of the Jeep Cherokee. Sales of this stylish vehicle regularly exceeded the importer's expectations even when it was offered only with 2.5-litre and

4-litre petrol engines and they hit a new UK high in August. In the "pocket 4x4" niche, a 2-litre Suzuki Vitara diesel will be available soon and the BMW turbo-diesel engine new-type Range Rover can now be had with automatic transmission.

The original-shape Range Rover (renamed the Classic) is bowing out of the UK market after a quarter-century, looking as tweedily elegant as it did when launched in 1970. It then cost £1,995 and was very much a Barbour and black wellie vehicle, cleanable inside and out by hosepipe. Things change over the years, none more so than a typical user's perception of the Range Rover.

The 25 final limited edition Classics, each with a numbered plaque, are based on the luxurious Vogue SE. They have a 3.9-litre V8 petrol engine, are trimmed in pale beige leather and cost £40,000.

Glass's Guide's pessimism notwithstanding, more recreational 4x4s are coming to Britain next year, notably a European-built Jeep Grand Cherokee with right-hand steering. This big, comfortable and high-performing 4-litre machine is Country Club America personified. It will be remarkably good value at £28,995 because the price includes automatic transmission, air conditioning, power-adjusted and heated front seats, anti-lock brakes and

cruise control.

Contributing - if *Glass's Guide* has got it right - to the decline of the on-off roaders' popularity as a car substitute is the arrival of a fleet of new multi-purpose vehicles (MPVs). Now on sale in Britain are the Citroën Synergie (called Evasion on mainland Europe), Ford Galaxy, Fiat Ulysse, Honda Shuttle and Peugeot 806. Their big, boxy bodies provide the carrying capacity and high driving position so many buyers say, hand on heart, are what made them go for an off-roader. But they are much more car-like to drive or ride in and do not waste fuel by carrying a lot of heavy machinery that never gets used.

Gardening / Robin Lane Fox

Happy families game hits chrysanthemums

You may not know much about gardening but you do believe that you know what a chrysanthemum looks like. It is all over England's flower shops this weekend. It prefers to live indoors during the winter. The flowers are rounded, double globes. They are not every-one's idea of a welcome present and tend to turn up in hospitals or at funerals.

I regret to say that your one piece of knowledge about gardening is massively incorrect. The botanists are mainly responsible, partly because they have discovered ever more varieties, and partly because they have played

happy families with the names which we all knew.

The one certainty is that a chrysanthemum is no longer a chrysanthemum. The other probability is that particular varieties are set to become connoisseurs' choices in the next decade.

First, the tangle over the names. Somewhere, somehow, deeply serious experts in taxonomy met in a smoke-filled

room and decided to set about our well-loved chrysanthums and mums. Perhaps they had never liked them; perhaps they were tired of the bunches which their life-partners were bringing back from the garage forecourt. They pondered; they argued and they ruled as follows.

All chrysanthemums should henceforward be known as Dendranthema. Exceptions would be made for various species, which would now be known as anything from Arc-tanthemum to Pyrethropsis. Multi-syllabic names must have swirled around the table as they drank to their wisdom in vegetative juice. Then, someone must have remembered that they had omitted the forms with succulent leaves.

It must be hard to think of new names when you have spent a summit meeting calling old friends by names like Rhodanthemum Gayanum. The succulent extras were a serious challenge, until some weary old spark came up with the answer. Why not invent a new name, not just any old name but one with overtones of the Land of the Rising Sun? Why not agree on Nipponanthemum for the low-growing varieties with squishy leaves and white or pink flowers?

They toasted this genius at the meeting but one name

needs another and it must have been getting late. After splitting chrysanthemums into 10 different families, each longer than the next, the best they could do was Nipponanthemum nipponicum for the carpeting plant, which is still in flower in my garden. If she does not like chrysanthemums, try her on Nipponanthemums instead.

The whole escapade is a story of classification gone mad, which has left the rest of us to grow the plants which we have always enjoyed by their usual names. The important fact is that new varieties have been creeping up on us while the botanists have been playing games. We have never needed greenhouses in order to grow chrysanthemums but nowadays there are more than ever which will survive the winter outdoors.

My guess is that they will spread, increase and become a fashion of the twilight of the 20th century. Most nurserymen think of the Korean varieties when customers ask for something which will flower late without any glass.

In front gardens, you can see the results, those low mounds of flowers which are almost too dense and neat to be true, obedient plants which give the family a bad name. In mild winters, the Koreans will usually survive, although they are

particularly averse to wet weather at the roots. I rate them as slightly harder than a dahlia and know that I must lift them at the end of this month and store them in boxes of soil in a frost-proof shed.

Flower shows have been full of them and the colours are not all that mixture of lilac and carnation which can be so disappointing. Koreans have their

merits but are slightly troublesome and take up space.

Far better bets are the truly hardy varieties. Many come under the Chinese or Rubella branch of the family and botanists have lumped most of them as Dendranthema, for all we care.

Best known is a Japanese variety called Mei Kyo. It is totally hardy, small and a mass of flowers. Unfortunately, the flowers are deep rose-pink

and look awful. It won't prize it: it threw up some children in white and a very strong yellow. The shape and colours are too strong for me, although there is a certain charm to another child called Bronze Elegance.

These hardy varieties have their fans but the ones which excite me have turned up piecemeal.

The best of all is the small Doctor Tom Parr, which is small-flowered but never a mound or a dome.

The flowers open as a deep rusty red and fade delightfully to pale rust with a touch of burnt yellow. It multiplies by the dozen from spring cuttings and looks wonderful as a late season postscript to any formal bedding scheme. The frost does not damage it and it keeps the garden alive until late November. Not even the botanists have decided the class to which it should belong, although they currently favour No.28.

I now find that others have emerged to join it. At a recent London show, I pounced on plants of Mandarin, a marmalade orange which has the right touch of brightness as the days shorten. It, too, is totally hardy and so far it has not been allotted a class at all. The white-flowered Wedding Day is also hardy and remarkably late, so late that I have to

pick the buds and enjoy the best of them indoors. A natural choice is the newish Beechcroft, which has been surviving all manner of winters as far north as Northumberland and still produces heavenly pink flowers in November up to 4ft tall. It is tougher but not so elegant as the old Emperor of China, which accompanies its delicate flowers with reddened leaves. I have cursed this variety for weakness in the past but I am now told that it should be cut back in mid-May in order to strengthen and multiply the

flowering stems in autumn. In November, are they worth the bother? To me, they are worth twice the bother because flowers are otherwise rare and everything is going off. They give you three more weeks in the calendar and they ask for no special spraying, skill or shelter. Until they flower, they are hardly noticeable and can be dotted round various flower beds to be noticed only in season. No doubt, they will change their name and join the Nipponanthemum, another sub-division of the botanists' Eden but meanwhile these old chrysanthums are due for a round of applause.

Chess No. 1,106: 1 Bxcl Rd4(threat Rh1 mate) 2 Qx3+ Ke9(Qx3 3 gxs and the WK escapes to g2) 3 Qx3 Rx5 4 Bxc3 wins.

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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

GALLERIES

Stedelijk Tel: (020) 5732 911
 ● Christian Eastmans: giant video installation; to Nov 26
 OPERA/BALLET
 Het Muziektheater Tel: (020) 551 89 22
 ● The Flying Dutchman: by Wagner. Conducted by Gramme Jenkins and directed by Richard Jones. Soloists include Harald Stamm, Karen Huffstodt, Mark Baker and Hebe Dijkstra; 8pm; Nov 14, 17

BARCELONA

GALLERIES

Centre de Cultura Contemporània Tel: (093) 4120781
 ● A Century of Cinema: documents, photographs, excerpts from films, sound documents and showings of the most representative images of the medium; to Jan 15
 Fundació Joan Miró Tel: (93) 329 19 08
 ● Oix, Reus, Paris, London - That's How I Wander... installation by the group of artists, Fundació Joan Tabacq. 13 trunks filled with moments and dreams of childhood reflect a voyage through time and memories; to Nov 19

BERLIN

GALLERIES

Bauhaus Archiv Tel: (030) 254 020
 ● The A and O of the Bauhaus: more than 400 Bauhaus advertising designs that demonstrate their printing, typography and graphics; to Nov 12
 Brücke Museum Tel: (030) 831 2029
 ● The Bridge's Watercolours: more than 250 pieces by "Bridge" artists such as Erich Heckel and Ernst Ludwig; to Jan 7
 Deutsches Historische Tel: (030) 215 020
 ● Pictures and References to German History: exhibition with more than 2000 paintings, coins, materials and other artefacts that document the history of Germany; to Dec 1
 Kunstgewerbemuseum
 ● Contrasts in 20th Century German Design; to Dec 1
 Martin-Gropius-Bau Tel: (030) 25 48 60
 ● Berlin-Moscow Moscow-Berlin: 2,000 paintings, photographs, film and stage sets by artists such as Dix, Chagall, Nabokov and Grosse. This is the centrepiece of the Berlin-Moscow festival and includes art works from the Tretyakov Gallery; to Jan 1
 Neue Nationalgalerie Tel: (030) 266253
 ● Cy Twombly: retrospective with 120 works by the contemporary American artist; to Nov 19

BRUSSELS

GALLERIES

Beaux-Arts Tel: (02) 507 82 00
 ● Belgian National Orchestra: Yuri Simonov conducts Magnard's "Hymne à la Justice", Dvořák's "Concerto, opus 104" and Rachmaninov's "Symphony No.3"; 8pm; Nov 12
 ● Liège Philharmonic Orchestra: Pierre Bartholomé conducts Ravel and Tournemire; 8pm; Nov 18

CHICAGO

GALLERIES

Art Institute Tel: (312) 443 3500
 ● Claude Monet (1840-1926): comprehensive exhibition of Monet's work, 65 installations and 37 private collections from 15 countries have contributed 159 works for this show; 7pm; to Nov 26

DUSSELDORF

GALLERIES

Kunstammlung Nordrhein-Westfalen Tel: (0211) 53810
 ● The World of Children: comprehensive survey of Picasso's work with children; to Dec 3

FRANKFURT

GALLERIES

Schirn Kunsthalle Tel: (069) 29 98 82 11
 ● Longing for Happiness: exhibition of paintings by the Viennese trio Gustav Klimt, Oscar Kokoschka and Egon Schiele; to Dec 3

LONDON

CONCERTS

Queen Elizabeth Hall Tel: (0171) 928 8800
 ● BBC Symphony Orchestra: Manfred Honeck conducts Wagner, Mahler and Tchaikovsky. Soloists are Barbara Bonney and Matthias Gorne; 7.30pm; Nov 15
 Royal Festival Hall Tel: (0171) 928 8800
 ● Maurizio Pollini: pianist plays Schumann and Chopin; 7.30pm; Nov 14
 Royal Opera House Tel: (0171) 304 4000
 ● Manon: directed and choreographed by Kenneth Macmillan to the music of Massenet and conducted by Barry Wordsworth; 7.30pm; Nov 11 (7pm)
 ● Swan Lake: choreographed by Marius Petipa and Lev Ivanov. Viktor Fedotov/Anthony Turner/Barry Wordsworth conducts Tchaikovsky; 7.30pm; Nov 15, 17
 GALLERIES
 Serpentine Tel: (0171) 638 8891
 ● Carrington: retrospective of works by artist Dora Carrington (1893-1932). The exhibition contains paintings, drawings, woodcuts and illuminated



Conductor Esa-Pekka Salonen: the Royal Opera House, London

letters; to Dec 10
 ● The Art of African Textiles: comprehensive look at innovations in textile design across the continent; to Dec 10
 Hayward Tel: (0171) 261 0127
 ● Art and Power: examination of the relationship between art and politics in 1930s and 40s Europe where culture became an arena for the struggle between communism and fascism; to Jan 21
 Saatchi Tel: (0171) 624 8299
 ● Young British Artists V: Kerry Stewart, Glenn Brown, Keith Coventry and Hadrian Pigott; to Dec 30
 OPERA/BALLET
 English National Opera Tel: (0171) 632 8300
 ● Carmen: by Bizet. Conducted by Sian Edwards/Michael Lloyd and directed by Jonathan Miller. Soloists include Louise Winter, Robert Brubaker and Janice Watson/Cathryn Pope; 7.30pm; Nov 15
 ● The Barber of Seville: by Rossini. Conducted by Jane Glover and directed by Henry B. Little from the original direction by Jonathan Miller. Soloists include Alan Ople, Jean Rigby/Fiona James, Charles Workman and Gordon Sandison; 7.30pm; Nov 18, 18
 ● The Fairy Queen: by Purcell. A new production conducted by Nicholas Kok and directed by David Pountney. Soloists include Yvonne Kenny, James Kelly, Mary Hegarty and Yvonne Barclay; 7.30pm; Nov 11, 17
 Royal Opera House Tel: (0171) 304 4000
 ● Mathis der Maler: by Hindemith. A new production directed by Peter Sellars and conducted by Esa-Pekka Salonen. Soloists include Inga Nielsen, Christiane Oetzel and Yvonne Minton; 7pm; Nov 16
 THEATRE
 National, Göttesloe Tel: (0171) 928 2252
 ● Cyrano: by Edmond Rostand, adapted by Ranjit Bolt and directed by Anuradha Kapur. Rostand's French romance relocates to 1930s India with a mixture of colour, live music and dance. Cast includes Naseeruddin Shah; 7.30pm; Nov 11 (2.30pm) 13
 ● Richard III: by William Shakespeare. Deborah Warner's new production featuring Fiona Shaw as the king; 7pm; Nov 17, 18 (1pm)
 ● Skyline: by David Hare. Directed by Richard Eyre and starring Michael Gambon and Lia Williams; 7.30pm; Nov 14, 15, 16 (2.30pm)
 National, Lyttelton Tel: (0171) 928 2252
 ● La Grande Magia: by Edouardo de Filippo in a translation by Carlo Ardito. Richard Eyre directs Alan Howard and Bernard Cribbins in de Filippo's comedy; 7.30pm; Nov 11 (7.15pm) 13, 14 (2.15pm)
 Royal Court Tel: (0171) 730 1745/2554
 ● The Steward of Christendom: by Sebastian Barry, produced by Max Stafford-Clark. Cast includes Donal McCann; 7.30pm

the museum's permanent collection that survey the decade of aesthetic investigation; to Nov 12
 OPERA/BALLET
 Dorothy Chandler Pavilion Tel: (213) 365 3500
 ● The Abduction from the Seraglio: by Mozart. Conducted by Julius Rudel and directed by Michael Hampe. Soloists include Jorma Silvasti, Elzbieta Szmjka and Doug Jones; 7pm; Nov 15, 18

MADRID

GALLERIES

Reina Sofia Tel: (91) 468 30 02
 ● Benjamin Palencia (1919-1936): complete works by the Spanish artist. Highlights include the unknown aspects from the 1920s and 30s; to Jan 1
 ● Frank Stella: retrospective presenting 30 years of artistic activity by the abstract artist; to Jan 9

MANNHEIM

GALLERIES

Kunsthalle
 ● William Turner in Germany: exhibition with watercolours, drawings, graphics and oil paintings by Turner from his visits to Germany between 1817 and 1844; to Jan 14

NEW YORK

CONCERTS

Carnegie Hall Tel: (212) 247 7800
 ● Budapest Festival Orchestra: with pianist Zoltán Kocsis, mezzo-soprano Ildikó Komlósi and bass Kolos Kováts. Ivan Fischer conducts an all Bartók programme; 8pm; Nov 11
 ● Dallas Symphony Orchestra: with pianist André Watts. Andrew Litton conducts Korngold, Rachmaninov and Cello; 8pm; Nov 14
 ● Frederica Von Stade: pianist plays Argento, Scarlatti, Mahler, Fauré and Granados; 8pm; Nov 13
 ● Moscow Philharmonic Orchestra: with pianist Barry Douglas. Vasily Sinaisky conducts Brahms' "Piano Concerto No.2", Shostakovich's film music from "Hamlet" and excerpts from Tchaikovsky's "Sleeping Beauty"; 8pm; Nov 17
 GALLERIES
 Ellis Island Museum Tel: (212) 363 3200
 ● Ellis Island Collection: as a point of arrival for the many settlers in the US, this exhibition consists of photographs, clothes and other articles that have been collected over the centuries; to Jan 8
 Guggenheim Tel: (212) 423 3500
 ● Class Oldenburg: an anthology of works by one of the key figures of Pop art in the 1960s. The exhibition includes a new piece entitled "Shuttlecock"; to Jan 14
 Metropolitan
 ● Goya: more than 350 paintings, drawings and prints in chronological order by the Spanish master Francisco de Goya y Lucientes; to Dec 31
 ● John Singleton Copley in America: portraitist of choice for affluent Bostonians and New Yorkers in the 18th century before leaving for England. Included are portraits of Samuel Adams, John Hancock and Paul Revere; to Jan 7
 ● Rembrandt/Not Rembrandt: 22 Rembrandt fakes are compared with 18 genuine articles; to Jan 7
 ● Swords into Ploughshares: influence of the military on civilian dress. The exhibition consists of 100 costumes from the Costume Institute; to Nov 25
 ● The Shadow of Vesuvius: works from the Museo Archeologico Nazionale di Napoli which includes statues, frescoes and ceramics; to Feb 25
 OPERA/BALLET
 Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
 ● Eugene Onegin: by Tchaikovsky. A new production produced by Willy Decker and conducted by Alexander Anissimov. Soloists include Gertrude Lorenz, Solveig Kringsborn/Galina Gorchakova, Anthony Michaels-Moore; 7.30pm; Nov 11, 14, 17
 ● Les Variations D'Ulysse: a new production choreographed by Jean-Claude Gallota; to the music of Jean-Pierre Drouot; 7.30pm; Nov 12 (8pm), 15
 ● Tosca: by Puccini. Conducted by Sergio Cazzavara/Silvio Varviso and produced by Werner Schroeter. Soloists include Galina Gorchakova, Plácido Domingo/Keith Olsen and Renato Bruson; 7.30pm; Nov 16, 18

LOS ANGELES

CONCERTS

Dorothy Chandler Pavilion Tel: (213) 365 3500
 ● Los Angeles Philharmonic: Mikhail Pletnev conducts Beethoven's "Symphony No.4" and Tchaikovsky's "Symphony No.6"; 8pm; Nov 11, 12 (2.30pm)
 ● Los Angeles Philharmonic: with soprano Ildikó Komlósi and bass Kolos Kováts. Kent Nagano conducts Mendelssohn's "Overture for Winds", Ravel's "Daphnis and Chloé", Suite No.2 and Bartók's "Duke Bluebeard's Castle"; 8pm; Nov 16, 17
 GALLERIES
 County Museum Tel: (213) 857 6000
 ● Adnan, the Couture Years (1942-1952): premiere of a permanent collection featuring about 40 pieces by the costume designer Gilbert Adrian. The exhibition focuses on his post-Hollywood period of couture fashion; to Jan 7
 ● Frank Lloyd Wright and Japan: Japanese folding screens, textiles, sculpture, ceramics and prints collected by the architect; to Jan 7
 Museum of Contemporary Art Tel: (213) 626 6222
 ● 1955-1975: Reconsidering the Object of Art: exploration into the development of contemporary art between 1955 and 1975 and how the artistic community began to re-examine form, function and meaning; to Feb 4
 ● Cycles, Strategies, Dialogues: works created during the 1980s from

New York City Opera Tel: (212) 307 4100
 ● Cinderella: by Rodgers and Hammerstein. Conducted by Eric Stern, directed and choreographed by Robert Johnson. Sat. matinee at 1.30pm, Sun. matinee only at 1.30pm. No performance on Mon; 8pm; to Nov 19
 THEATRE
 Actors' Playhouse Tel: (212) 307 4100
 ● The Only Thing Worse You Could Have Told Me: by Dan Butler. 14 essays on contemporary gay culture, originally performed by Butler, but replaced by former Olympic diver Greg Louganis; 8pm
 Atlantic Tel: (212) 645 1242
 ● Dangerous Corner: by J.B. Priestley. Directed by David Mamet; 8pm
 Cort Theatre Tel: (212) 239 6200
 ● The Heiress: by Henry James, stage adaptation by Ruth and Augustus Goetz and directed by Gerald Gutierrez. Cast includes Cherry Jones and Renak Ramsey; 8pm; (Not Mon)
 Ethel Barrymore Tel: (212) 239 6200
 ● Indiscretions: based on Jean Cocteau's "Les Parents Terribles". New translation by Jeremy Sams, starring Kathleen Turner; 8pm; (Not Mon)
 Judith Anderson Tel: (212) 279 4200
 ● Ecstasy: written and directed by Mike Leigh. More social-realism from the British writer and director; 8pm
 Martin Beck Tel: (212) 239 6200
 ● Moon Over Buffalo: by Ken Ludwig and starring Carol Burnett and Philip Bosco as husband and wife; 8pm
 Minskoff Theatre Tel: (212) 307 4007
 ● Sunset Boulevard: directed by Billy Wilder, music by Andrew Lloyd Webber. An injection of life to this production with the introduction of Betty Buckley as Norma Desmond; 8pm; (Not Mon)
 Plymouth Theatre Tel: (212) 239 6200
 ● Chronicle of a Death Foretold: book by Gabriel Garcia Marquez, adapted, choreographed and directed by Graciela Daniele; 8pm; (Not Mon)
 Roundabout Theatre Company Tel: (212) 869 8400
 ● A Month in the Country: by Ivan Turgenev and starring Helen Mirren; 8pm; (Not Mon)
 ● Company: by Stephen Sondheim and George Furth and directed by Scott Ellis. Cast includes Boyd Gaines, Debra Monk, Charlotte d'Amboise and Kate Burton; (Not Sun)
 ● The Play's the Thing: by Ferenc Molnár, translated by P. G. Wodehouse. Cast includes Jay Goede, J. Smith-Cameron and Peter Franchette; 8pm; (Not Mon)

PARIS

CONCERTS

Champs Elysées Tel: (1) 49 52 50 50
 ● Alan Gampel: pianist plays Liszt and Chopin; 8.30pm; Nov 16
 ● Orchestre Ensemble de Paris: pianist Martha Argerich and Alexandre Rabinovitch. Jean-Jacques Kantorow conducts Beethoven, Mozart and Rabinovitch; 8.30pm; Nov 15
 GALLERIES
 Centre Georges Pompidou Tel: (1) 42 77 12 33
 ● Feminine and Masculine: the sexuality of art. Exhibition exploring sexual identity and its effect on 20th century artists; to Jan 8
 ● Hybert, Quardona and Roudenko-Bertin: running in conjunction with "Feminine-Masculine", three artists of different styles produce works that demonstrate the relationship between sex, the body and sexual differences; to Jan 8
 ● Man Ray: recreation of the atmosphere of Ray's post world war two workshop where he produced furniture. The exhibition includes paintings, drawings and photographs from workshop archives; to Jan 29
 ● Rubber and Pigments: demonstration of techniques used in photography at the beginning of the 20th century that have reappeared in more recent pieces; to Nov 27
 ● Surrealist Designs: vision and technique. About 60 masterpieces by artists such as Ernst, Masson, Brauer, Dalí, Miró and Picasso; to Nov 27
 ● La Femme: from Corot to Chagall, 60 paintings from 1824-1949 by artists such as Degas, Gauguin, Picasso and Renoir; to Feb 28
 ● Jeu de Paume Tel: (1) 47 03 12 50
 ● Jeff Wall: photographs by the Canadian artist; to Nov 26
 ● Louvre Tel: (1) 42 60 39 26
 ● Ancient Greek Statues from the Orient: from 4000BC to AD800; to Dec 19
 ● Musée d'Art Moderne, Ville de Paris Tel: (1) 47 23 61 27
 ● Arnold Schoenberg: exhibition on the composer with a related concert at the Châtelet on Nov 7; to Dec 3
 ● Beauty and the Beast: a selection of young American artists; to Nov 19
 Musée Du Petit Palais Tel: (1) 42 65 12 73
 ● In the Shadow of Vesuvius: works from the Museo Archeologico Nazionale di Napoli which includes statues, frescoes and ceramics; to Feb 25
 OPERA/BALLET
 Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
 ● Eugene Onegin: by Tchaikovsky. A new production produced by Willy Decker and conducted by Alexander Anissimov. Soloists include Gertrude Lorenz, Solveig Kringsborn/Galina Gorchakova, Anthony Michaels-Moore; 7.30pm; Nov 11, 14, 17
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SAN FRANCISCO

GALLERIES

De Young Museum Tel: (415) 883 3330
 ● East of the Atlantic, West of the Congo: 65 African art objects from the Dwight and Blossom Strong Collection which includes spirit masks and guardian figures from Western Equatorial Africa; to Nov 26
 Legion of Honor Tel: (415) 883 3330
 ● Picasso, The Sculptor: mini-retrospective highlighting Picasso's inventiveness in this medium; from Nov 11 to Mar 10
 ● Treasures of the Achenbach: a selection of works from the Achenbach Foundation for Graphic Arts; from Nov 11 to Mar 3

VENICE

GALLERIES

Fondazione Giorgio Cini Tel: (041) 52 65 800
 ● Henry Moore Exhibition: 149 works by the late British artist; to Nov 26

VIENNA

GALLERIES

Architektur Zentrum Wien Tel: (1) 522 31 15
 ● Architecture and City: part of the "80 Days" Architecture Festival. Presenting a broad range of discussions, concepts and projects in the field of urban architecture; to Nov 12
 Sigmund Freud Museum Tel: (1) 319 15 98
 ● International Psychoanalytical Press: installation that reconstructs the history of psychoanalysis through the history of its books and journals and particularly through the IPP founded by Sigmund Freud and his colleagues; to Nov 15
 OPERA/BALLET
 Wiener Kammeroper Tel: (1) 512 01 00
 ● The Turn of the Screw: by Britten. Conducted by Edgar Selonen/Buchsch Joan Grimaak. Soloists include Mark Duffin, Olga Schallawa and Felix Purnzer/Ingo Petersen; 7.30pm; Nov 11, 13, 15, 18
 GALLERIES
 Kennedy Centre Tel: (202) 467 4600
 ● Itzhak Perlman: violinist with pianist Samuel Sanders; 7.30pm; Nov 13
 ● Mitsuko Uchida: pianist plays Schubert's "Sonata in A major" and "Sonata in B-flat major" and Shoenberg's "Suite, Opus 25"; 8.30pm; Nov 15
 ● National Symphony Orchestra: with mezzo-soprano Jari Van Nes. Leonard Slatkin conducts Adler, Purcell-Britten, Berlioz and Corigliano; 8.30pm; Nov 11
 ● National Symphony Orchestra: with violinist Maria Bachmann, Robert Spada and conductor Winkler, Roman, Saint-Saëns, Thomson and Debussy; 8.30pm; Nov 16, 17, 18
 GALLERIES
 Freer Gallery Tel: (202) 357 2700
 ● Whistler and Japan: exhibition examining the Japanese influences on the American expatriate artist with 31 paintings, drawings and prints; to Jan 1
 National Gallery Tel: (202) 737 4215
 ● A Great Heritage: Renaissance and Baroque drawings from Chatsworth consisting of 105 works by artists such as Rembrandt, van Dyck and Raphael; to Dec 31
 ● Winslow Homer: more than 225 works including 88 oils by the American artist; 8pm; to Jan 28
 National Museum of American Art Tel: (202) 357 1545
 ● Nancy Crow: trained as a ceramist and weaver, this exhibition traces her experimentation with traditional quilting patterns; to Jan 1
 National Museum of Women in the Arts Tel: (202) 783 5000
 ● Artful Advocacy: cartoons from the Women Suffrage Movement. In celebration of the 75th anniversary of this movement, about 25 cartoons produced between 1912 and 1919 are featured. Artists include Nina Allender, Blanche Ames and Lou Rogers; to Jan 7
 ● National Portrait
 ● Cecilia Beaux and the Art of Portraiture: turn of the century portrait painter; to Jan 28
 ● Scudder Tel: (202) 357 2700
 ● Goyo: Japanese prints. 16 colour wood-blocks prints by Hashiguchi Goyo; to Mar 17
 ● On the River: exhibition of 27 Chinese handscrolls, album leaves, hanging scrolls and fans from the 13th-19th centuries that explores the daily activities of people along the Chinese waterways; to Jan 1
 ● Painted Prayers: 61 photographs of women's devotional art in India by photographer and art historian, Stephen P. Huyler; to Apr 7
 Textile Museum
 ● Mysterious Voids at the Heart of Historic Textiles: A Search for Meaning. Textiles are viewed as objects that create space. This exhibition consists of 23 rugs and textiles from Peru, Turkey, Guatemala, China, Africa and India; to Jan 17
 OPERA/BALLET
 Washington Opera Tel: (202) 416 7800
 ● Der Rosenkavalier: by Strauss. Conducted by Heinz Fricke and directed by Michael Heinicke. Soloists include Helen Donath, Jeanne Pilard, Eric Halfonson and David Elvitt; 7pm; Nov 11, 13, 16, 18
 ● Luisa Miller: by Verdi. Conducted by Richard Buckley and directed by Christopher Maltalano. Soloists include Veronica Viarrelli; 8pm; Nov 12 (2.30pm), 14, 17
 THEATRE
 Kennedy Center Tel: (202) 467 4600
 ● Three Tall Women: by Edward Albee. 1994 Pulitzer Prize winning play centred around a 92-year-old woman, her 52-year-old nurse and a young attorney. No performance on Mon, matinees on Sat. and Sun. at 2.30pm; to Dec 3

CHESS

Nigel Short had his best result for several years, and Garry Kasparov his worst as world champion, at last week's Credit Suisse Masters in Zurich. Ivanchuk and Kramnik scored 7/10, Elisev and Short 6, and Kasparov only 5 in an event which most of the leading grandmasters entered.

Losing at chess can make you unwell; so can winning, when stimulus and tension suddenly ends. Kasparov, who drew eight games, suffered from the after-effects of his recent title match with Anand; but Zurich showed that Short has at last overcome the poor form caused by the controversy over his 1993 breakthrough championship series with Kasparov. Here the British No.1 wins an entertaining game against an old rival (J Timman, White; N Short, Black; Nimzo-Indian Defence).

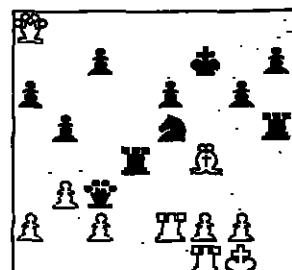
1 d4 Nf3 2 c4 e5 3 Bb4 Qc2 d5 4 cxd5 Qxd5 5 Nf3 Qd1 This Ukrainian discovery has revitalised 4..d5, formerly considered dubious. Short has learnt from Kasparov, who respected 6..Qf5 by avoiding it with 6 e3 in his match with Anand.

7 Qd1 If 7 Qxf5 exd5 Black's control of the central squares d5 and e4 outweighs his doubled pawns. 8 e3 exd4 9 exd4 Nc6 10 Bb2 Nc5 11 a3 Bxc3 12 bxc3 Bx7 13 Qc2 13 Bb3 fails to Nxf2, but 13 Be2 is safer. Re3 14 Bb3 Nxd4 15

Nxd4 Qx2 16 Kd1 Nc5! The clever point to Short's sacrifice. Bb4 threatens, so the BQ has time to eat White's K side pawns, while the WK has no safe square.

17 a4 Qx2 18 Re1 Qxh2 19 Be4 g5 20 Bc2 Qg1 21 Re1 Qx2 22 Re3 Qxh2 23 Nb5 Bxb5 24 axb5 0-0 Belated castling is rare in amateur chess, but here the saved tempo has proved vital to Black's attack. 25 Rxa7 Rf8 26 Re2 Qf4 27 Ke1 Qh4+ 28 Kx2 Qh2+ 29 Ke1 Bd7! A calm regroup for the final breakthrough. 30 Bc1 Qg1+ 31 Kc2 Rb8 32 Bc3 Bc3. Rb1 and Qf1 mate is a decisive threat.

No. 1.100



Ewifm Geller v Mikhail Krasenkov, Cappelle 1992. In this game between two Russian grandmasters, White is challenged to play 1 Bc2. Should he or shouldn't he?

Solution, Page XVIII

Leonard Barden

BRIDGE

My hand today comes from duplicate pairs of championship standard:

N
 ♠ A 10 3
 ♥ J 6 4
 ♦ A 8
 ♣ A 10 9 5
 W ♠ 7 6 4
 ♥ 5
 ♦ 10 5 3 2
 ♣ K 6 4
 E ♠ K 5 2
 ♥ 9 8 3
 ♦ K J 9 4
 ♣ Q J 8
 S
 ♠ Q 8
 ♥ A K Q 10 7 2
 ♦ Q 6
 ♣ 7 3 2

With neither side vulnerable, North dealt and opened the bidding with one club, to which South responded with one heart. North re-bid one no-trump and South jumped to four hearts - a contract reached by every North-South pair - concluding the auction. At one table, West opened with the spade six. Dummy

played low, the king won, and the declarer unblocked his queen to create an extra entry to the table. East shrewdly returned the club queen, which was permitted to hold - it is also correct to win and declarer took the knave, which followed, with dummy's ace.

Crossing to his heart ace, he played his eight of spades, finessed the ten and cashed the ace, on which he discarded his last club. The club nine was ruffed in hand, both defenders following suit.

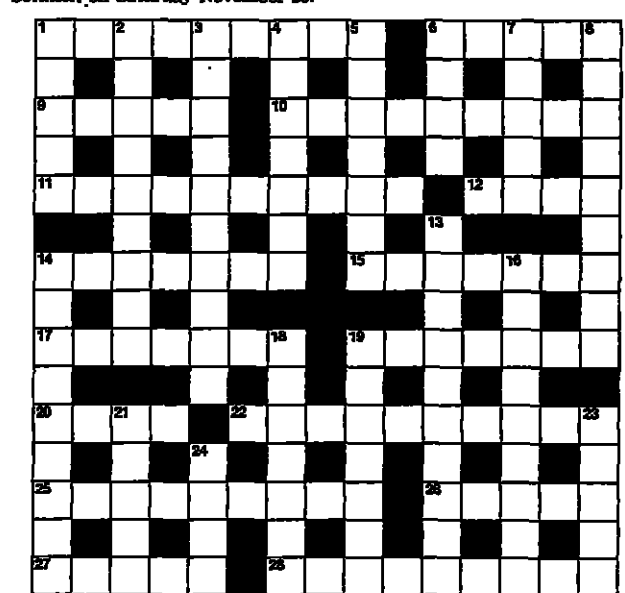
South now cashed his king of hearts, crossed to the knave on the table, drawing East's last trump, and discarded his six of diamonds on the established ten of clubs. He had collected 11 tricks, plus 450, which was a good score; 420 would have been received many match points. Well played by the declarer. The timing was perfect.

E.P.C. Cotter

CROSSWORD

No. 8,916 Set by CINEPHILE

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers. Solutions by Wednesday November 22, marked Crossword 8,916 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 8HL. Solution on Saturday November 25.



Name: _____
 Address: _____

ACROSS
 1 Support the clergy in a theatrical context (9)
 6, 9 London borough goes wild about love for bird (5,5)
 10 Pitch, exerts embracing orange girl could be a mole (9)
 11 Get to like the job? Tick off (4,2,4)
 12 Bit of a nasty easter (4)
 14 Any clip must be bent to give flexibility (7)
 15 New York politician gets the wrong bimbo (7)
 17 Blauvelt as parent? (7)
 19 Scottish playwright finds river an obstacle (7)
 20 Fireman finds wooden ring (4)
 22 Uter verse: is it to welcome a foreign VIP? (5,5)
 25 Puzzle - fish absorbs religious spirit (8)
 26 Lighter upset (5)
 27 Field and street, not necessarily so even if... (5)
 28 ...the previous occasion we landed on the sea? (4,5)
 DOWN
 1 A large part of the Bible is intolerant (5)
 2 Vulgar face having sense but not backing (5)
 3 London sea disturbed the man from the spa (10)
 4 What not to do to one's welcome (7)
 5 Transmits the experimental approach? (5,2)
 6 Complain the buzzer's loud? (4)
 7 Brilliance at the point where powdery substance turns up (5)
 8 Gnat, for example, to people among hills (9)
 13 What's made up as one goes along is better outside (10)
 14 South-east Frenchman established California (9)
 16 Harris hit by unravelling of cruder garment (4,5)
 18 Set fire to period plate, it's Cruise for island state? No thanks (6)
 21 State of soil one's inclined to husband? (5)
 24 Speed at the bow? (4)

Solution 8,916
 FOOTSTOOD BATHOS
 LONDON BOROUGH
 CHURCH
 PITCH
 EXERTS
 ORANGE
 GIRL
 COULD
 BE
 A
 MOLE
 GET
 TO
 LIKE
 THE
 JOB
 TICK
 OFF
 BIT
 OF
 A
 NASTY
 EASTER
 ANY
 CLIP
 MUST
 BE
 BENT
 TO
 GIVE
 FLEXIBILITY
 NEW
 YORK
 POLITICIAN
 GETS
 THE
 WRONG
 BIMBO
 BLAUVELT
 AS
 PARENT
 SCOTTISH
 PLAYWRIGHT
 FINDS
 RIVER
 AN
 OBSTACLE
 FIREMAN
 FINDS
 WOODEN
 RING
 UTER
 VERSE
 IS
 IT
 TO
 WELCOME
 A
 FOREIGN
 VIP
 PUZZLE
 FISH
 ABSORBS
 RELIGIOUS
 SPIRIT
 LIGHTER
 UPSET
 FIELD
 AND
 STREET
 NOT
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 PREVIOUS
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 WE
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 HAVING
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 BUT
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 BACKING
 LONDON
 SEA
 DISTURBED
 THE
 MAN
 FROM
 THE
 SPA
 WHAT
 NOT
 TO
 DO
 TO
 ONE'S
 WELCOME
 TRANSMITS
 THE
 EXPERIMENTAL
 APPROACH
 COMPLAIN
 THE
 BUZZER'S
 LOUD
 BRILLIANCE
 AT
 THE
 POINT
 WHERE
 POWDERY
 SUBSTANCE
 TURNS
 UP
 GNAT
 FOR
 EXAMPLE
 TO
 PEOPLE
 AMONG
 HILLS
 WHAT'S
 MADE
 UP
 AS



James Morgan

Thinking man's guide to mob rule

A pollster's query, loaded with semantic booby traps, highlights a modern dilemma over our prejudices

Have you noticed how attempts to make things "relevant" have the opposite effect? I have been admiring the ploys of those who strive to make time-honoured truths appeal to modern man, and to ensure that his prejudices are treated as wisdom.

In the course of many references to the icons of popular culture, a prize-winning preacher on the radio last Sunday described saints as "those Gary Lineker of the faith". Gary Lineker is a nice, popular and rich man, and a good footballer. Saints were not nice, seldom popular and never rich. But the sermon left us with the impression that

when St Stephen was stoned to death he must have felt he was scoring a goal for Jesus.

Around that time I also read the results of an opinion poll from the Gallup organisation in *The Daily Telegraph*. It showed that the Labour party was about 40 points ahead of the Conservatives who have been in charge of Britain's destiny for high on 17 years. One of the questions was: "With Britain in economic difficulties, which party do you think could handle the problem best - the Conservatives or Labour?"

Many will be outraged by the use of "best" when only two alternatives are posed. Others will hate

the idea of asking who could "solve the problem best" without identifying the nature of the problem. The pollster's question was in fact, "Who would solve the problem of the difficulties better?" but had it been posed in such a manner the logical lacunae would have been exposed. And it would not have been so easy to pander to popular feeling.

We are always being patronised with the demotic even though it is either devoid of meaning or loaded with semantic booby traps. So the *demos* in this case, on hearing Gallup's question, will take it to mean: "Now that the Tories have got us into this mess, should they or

Labour be allowed to try to get us out of it?"

Suppose the question were posed thus: "With the British economy enjoying steady, low inflationary growth and falling unemployment, which party would you more trust to build on this achievement - the Conservatives or Labour?" Any organisation asking this would be exposed to ridicule, but is it any worse? It contains a similar controversial premise yet avoids the flawed logic, horrible syntax and bad grammar of the original. It will never be asked.

The problem in this case is that pollsters believe what they are told. People grumble about the economy,

so it must be "in difficulties". Just like Uganda or Russia. Respondents in the US, France and Japan all agree their economies are in difficulties. All economies, if one listens to the man in the street, are in difficulties all the time. During the last election campaign in Britain, pollsters asked if people would rather have tax cuts or more spent on the health service - and *actually took the answer seriously*. A few days before the vote the boss of one leading polling organisation told me that Labour had run "a brilliant campaign" because it had divined that the National Health Service was the most important issue.

There is a kind of mob rule at work. Popular prejudice is sanctified by pulpit and pollster. Even those who complain about declining standards genuflect to the base and worthless. After all, it makes life easy and eliminates the need to think. Today it is permissible to believe that Shakespeare is a kind of second-rate Steven Spielberg but not that rock music is rubbish. It was a rare concession to elitism that led the preacher to imply saints were as great as football stars.

Unfortunately this kind of *noblesse oblige* has dire effects. In the end, of course, the victims are not those who perpetuate idiot popu-

lism but those who are swindled by it. Thus unemployment offices teem with young men who genuinely believe that football and rock music represent mankind's highest achievements. They have been told bad English is good, that slovenly thought processes can be enshrined as science and then wonder why they cannot get jobs.

Their sisters have been less affected by such delusions and the *trahison des clercs*. The results are clear. The girls get work and rightly refuse to marry the young men who father their children.

James Morgan is economics correspondent of the BBC World Service.

Interview

Judaism and the feminine touch

Joe Rogaly tries to get to the roots of Rabbi Julia Neuberger's beliefs

The first question to ask a rabbi, surely, is "do you believe in God?" Julia Neuberger replied with a quick "yes". What did she mean, "yes"? Her rabbinical response lacked precision. When a child, she might have thought of an old man with a beard sitting in the clouds - "or a blonde woman" I interjected; "It's gender-free" she flashed back.

Now, at 45, she has no representation of the divine form in her mind. She varied, she said, between thinking of a creative force "almost without the ability for me to talk to him or her" and something like conscience. "What I have," she writes in her new book, *On Being Jewish*, "is a deep certainty of something other and beyond, some being who has a plan."

This deity was aware of the existence of Rabbi Neuberger? Probably, some of the time. When He/She/It chooses to notice her, He/She/It will see a liberal activist, a Jew by origin and upbringing but, to her interviewer's ear, a near-humanist with a kosher pedigree. Did she believe in the continuation of her consciousness after death? No. Jews tend to be iffy about that. Rabbi Neuberger is clear. She does not anticipate a hereafter. It makes you reflect on the promise offered by Jesus Christ - that in return for believing in Him there would be everlasting life. Irresistible.

The erstwhile Rabbi of the South London Liberal Synagogue rejects the notion of a personal Messiah. She also does not accept the story of Moses ascending Mount Sinai. "I absolutely do not believe that God said to Moses, 'here you are, here are the tablets of stone'." As for the exodus from Egypt, there was no evidence to back it up. This is Jewish? "I think if you are orthodox you would say you believed even if you did not know." She conceded that in terms of theology her liberal branch of Judaism was the most nebulous. It was a mistake to ask her to

describe the variations between orthodox, reform, liberal and other branches of Judaism. Her reply was erudite, but not easily summarised, nor would you be much the wiser if it were. As she spoke there was time to note the fluttering hands, the quick movements, the easy laughter, the eye contact, the appealing personality. What she actually said brought to mind Jewish jokes on the topic. The best is about the Jew alone on a desert island. He founded two synagogues, one he could attend and another he would not be seen dead in.

The Rabbi denies that the telling of self-deprecatory funny stories is the essence of Jewishness. That is an east European characteristic. Her roots go back to Germany. Her grandfather came from Frankfurt to work in the then family bank, Japhet, later taken over by Charterhouse. Her mother, who arrived as a refugee in 1937, still speaks with a strong German accent. This rabbi is blonde, fair-haired; you can picture her plaited. In her consciously ironic phrase, she could pass for Aryan.

Being a Jew is therefore not a matter of looks, ethnicity, race. How about creed? As we have seen, the religious faith can be tailor-made, starting with the cloth of ancient law and cut according to a thinking rabbi's conscience. What is a Jew then?

There are well-known characteristics. Jews are articulate - "verbal" is the word she used. They are strong believers in learning. In England they tend to identify themselves by profession. There are personal foibles. Did the rabbi keep a full fridge? "I always worry that there will not be enough... I have food to feed an army when we have six for supper. There have to be massive leftovers."

Here we digress and talk of the abiding subject of our age. She attended a north London girls' school in the permissive 1960s. Was she a fast little piece? "Sexual



Rabbi Julia Neuberger: 'Sexual shame is foreign to Jews. In our tradition a man is supposed to make love to his wife on the sabbath, because it is a form of joy and one should rejoice on the sabbath' Ashley Armstrong

shame is foreign to Jews," she writes. "In our tradition a man is supposed to make love to his wife on the sabbath, because it is a form of joy and one should rejoice on the sabbath."

But, she is asked, what if it is not his wife, or her husband? Before marriage, that was OK, provided it did not harm others. After, no. Marriage was based on trust. She would prefer her children to marry, and best of all marry Jews, but she would not be dreadfully disturbed if they took partners, provided they were not promiscuous.

Did she think people tried hard enough to make marriage work? "No, but I do think there is such a thing as an irretrievable breakdown. Some people's marriages were not made in heaven." She changed orthodox Judaism, which had treated women "outrageously". A day or so before we spoke 50 Jewish women, some wearing chains, stood outside the office of the Chief Rabbi. They were pro-

testing against laws which "chain" a Jewish wife to her husband if he refuses to grant a religious divorce.

"There is no doubt as to whose side I am on. I am part of the Jewish women's network," said Rabbi Neuberger. She agreed that her life-choices and religious beliefs amounted to a feminisation of Judaism, to some almost a contradiction in terms. The Jewish orthodox tradition did little for women. At least Christians had had convents.

Predictably, the family was central to her faith. "We are all always in on a Friday night," she said. It was a chance to rehearse the events of the week. "Growing up with these huge Friday evening meals at grandmother's house made me realise how very different I was from my non-Jewish friends," she writes. She has not forbidden her teenage children to go out on the Sabbath, "but on the whole they do not."

Yes, yes, but still we have not nailed down what it is to be a Jew. It turns out to be a faith-based

belief in social justice. Reformed Judaism as created in Germany was particularly strong on *tzedakah*, the obligation to give 10 per cent of one's income to the poor. Jews were naturally "that awful word, communitarian". She quoted Rabbi Hillel: "Do not do unto others what you do not want them to do unto you. That is the whole of the Torah. The rest is commentary."

We recalled the story of the *schnorrer*, the beggar, who asks a rich man for help. "You are not making any effort to help yourself," says the rich man. "I don't tell you how to do your business. Don't tell me how to do mine," the *schnorrer* replies. "It was authentically Jewish to help even the unattractive indigents. Non-orthodox Judaism has taken the ethical values of Judaism and written them large."

So Judaism for her was her life experience plus a strong moral message that came through from the Hebrew prophets? "I am not suggesting we have it alone." The reli-

gion was based on law rather than faith. The strength of the law lay in the idea that its authority was God-given. "Whether I look Jewish or not is irrelevant. I do think we have a sense of peoplehood."

Rabbi Neuberger sounds as if she has been expressing opinions based on these precepts for a long time. In 1989 she left her post at the synagogue, after 13 years, to put in a bit of study and research, particularly into medical ethics. Today she is chairman of the Camden and Islington Community Health Service NHS Trust, chancellor of the University of Ulster, visiting member of a handful of voluntary organisations in Boston, Massachusetts, a leading Liberal Democrat, a lecturer at the Leo Baeck College, where she trained as a rabbi, a member of the Human Fertilisation and Embryology Authority, a member of the General Medical Council, a this, that and the other - in short, in a phrase she charmingly accepted, a plaything of the establishment.

One of her quango appointments was made by Stephen Dorrell, another by Virginia Bottomley, both Conservative ministers. She says Bottomley has been unjustly criticised, possibly because she is a woman. She defends the purchaser-provider split in the health service. "You can be a socialist and a Jew and I have to admit with difficulty you can be a Tory and a Jew."

Also British and a Jew. "I feel intensely British," she writes, before going on to sketch the history of anti-semitism in Britain. Could Jews ever be totally accepted as British? "The other day on the train I heard someone talking about 'that Jew Michael Howard'. In spite of who he is (Home Secretary) I went up and said I do not think that is relevant." Did she think this attitude would ever change? "I think it is changing at the moment." She may have meant for the better. She may be right. God willing. **Eisenmann, London*



To listen to the confident slogans being hurled around like dishcloths in a hotel kitchen, one might think that western democracy needs nothing but a good old-fashioned scrub to bring back its tarnished shine.

The language of cleanliness is everywhere. In Italy, the movement to root out corruption quickly acquired the title *mani pulite*, or "clean hands". Some years ago in Greece, a more ancient and potent term was on hand to describe a similar attempt to set things straight in the polity: *catharsis*, or "purification".

But lately in the US, the concept of cleaning up the state has acquired a more literal meaning.

Governments, authorities, citizens are being urged to wash their troubles away.

The idea is that if everyone contributes to maintaining an unsoiled, tidy neighbourhood, crime will be discouraged. It is based on the view that criminal intentions breed like germs in a neglected U-bend, but retreat when confronted by the purifying disinfectant of neatness and order.

The contention that we can flush our felonies away has also found support in Britain, most recently in the words of shadow home secre-

tary Jack Straw, who called for the re-claiming of the streets by law-abiding citizens and for a less tolerant attitude towards the "winos, addicts and squeegee merchants" who were partly responsible for making inner-city life ugly and brutal.

Unsurprisingly, there is an academic theory lurking in the background of what would otherwise seem to be a common-sense view of the world. The "Broken Windows" thesis was expounded by two American social scientists, James Q. Wilson and George L. Kelling, in 1982.

Unlike many academic theories, it has an appealing, home-spun simplicity: if you leave one broken window in a neighbourhood, it gives a clear signal that no one cares; before long, all the remaining windows will be broken. If you repair it straight away, miscreants know that someone, somewhere is watching and noticing.

This moral has been absorbed with little enthusiasm in some US cities. Graffiti is dealt with in double-quick time. Streets are swept and cleaned continuously.

A news report on British televi-

sion showed municipal staff responding to an "odour hot-line", on which members of the public could report the dubious smells which have become part of urban life. A bystander greeted the subsequent visit with the kind of welcome that used to be reserved for the liberators of conquered cities, and a snappy line to boot: "Foul smells lead to foul attitudes."

The acclaim was not entirely unanimous: one woman intent on creating a mild "back to nature" effect in her front garden was dismayed to find herself reported and

ordered to do some serious trimming. But elsewhere, there was widespread approval. It made residents feel "safer".

And there we have the key. The evidence on the effect on crime of previous clean-up campaigns is at best equivocal; what is undisputed is that living in a clean, properly maintained environment makes people feel more secure. And, who knows, this might have a decisive longer term effect on potentially criminal minds.

Little wonder, then, that politicians have cottoned on to the feel-

safe factor; the language of security, of order and stability, has a greater resonance among the public than endless quibbling over inflation or interest rates.

It is, in a quite literal sense, a superficial remedy to the occasionally devastating effect of inner-city blight. But could there be a more appropriate response in a world which has become so obsessed with surfaces and illusion?

In the 4th century BC, Aristotle wrote of the powerful metaphorical effect of catharsis on theatre audiences, who were purged of their pity and fear through their vicarious participation in Greek drama. In today's more prosaic age, the drama is on the streets; we are equally fearful, but have to find solace in the sweeping of a gutter and the trimming of a garden hedge.

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WEEKEND INVESTOR

■ Last week's preliminary results

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Admiral (Retailers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
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■ Results due next week

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Admiral (Retailers)	Retail	1995	15,200 (1,190)	22.1	1.0
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■ Last week's interim results

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Admiral (Retailers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
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Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0

■ Results due next week

Company	Sector	Year	Pre-tax profit (£000)	Earnings per share (p)	Dividend per share (p)
Admiral (Retailers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0
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Admiral (Wholesalers)	Retail	1995	15,200 (1,190)	22.1	1.0

(Figures in parentheses are for the corresponding period). Dividends are shown net of tax. Figures are preliminary and subject to audit. Figures are preliminary and subject to audit. Figures are preliminary and subject to audit.

■ Current takeover bids and mergers

Company	Value of bid (£m)	Share price (£)	Shareholder
Admiral (Retailers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0
Admiral (Wholesalers)	15,200	22.1	1.0

■ New issues

The continuing fragility of the new issues market was underlined this week with the decision by Pioneer Goldfields to pull its flotation, writes Christopher Price. The group, which owns a gold mine in Ghana, blamed "poor market conditions" for the move. It had hoped to raise between \$24m and \$27m from the sale of a 20 per cent stake.

■ Rights issues

Concord is to raise about £12m via a 1-1 rights issue at 50p.

■ Offers for sale, placings & introductions

CH2 is to raise £7.5m via a placing and offer of 3m shares.

Investing in art

Caution means the days of the bun fight are over

Antony Thorncroft analyses the results of two important auctions and says it is too early to celebrate a return to the good times

The international art market was in fine fettle on Wednesday morning in New York. The previous night's sale at Christie's of 62 important Impressionist and modern works of art had topped the \$100m mark - the first time this had happened since 1990. Michael Findlay, Christie's picture expert, described the auction as having "succeeded beyond our dreams".

By Wednesday evening, after arrival at Sotheby's had offered 88 lots and seen 23 rejected by collectors, the mood was more sombre. The celebrations looked premature.

It is unusual for the two auction houses which dominate the art market to have such mixed fortunes in these key sales. They tend to offer comparable works by the Modern Masters. This time, though, Christie's got it right while Sotheby's was off-target.

Findlay puts it down to hard-headedness. "We were very conservative about our estimates. We stuck to our guns." If we said this painting should carry a reserve of \$1m, and the seller wanted \$1.5m-\$2m, we would not accept it.

During the art market spiral of the 1980s, the auction houses pandered to the ambitions of vendors, confident that the frenzy among buyers would see over-valued works home. Not any more.

This caution was shown to greatest effect with Picasso's painting "Le miroir", a romantically imaginative portrait of his mistress, Marie-Thérèse Walter, painted in 1932. The Picasso was the key to the week.

In 1989, at the peak of the boom, it sold for \$26.4m to Shigeki Kameyama, one of the Japanese buyers who were turning the biggest auctions into record-breaking bun fights.

"Le miroir" is obviously a significant Picasso, but Christie's managed to persuade the vendor to accept a very modest estimate of \$10m-\$15m. As soon as the sale was announced, telephone calls poured in, attracted by the low estimate; some were from the unsuccessful bidders of 1989.

In the event, seven buyers were prepared to pay \$12m for it, and two chased it up to \$20m.

Throughout the auction of carefully selected works, the estimates were hit spot on, or exceeded marginally. Another, very different Picasso from his 1905 "pink period" - a portrait of a circus performer - sold for \$12.1m, also above forecast, while a third important Picasso, this time Cubist, was on target at \$7m.

A Modigliani portrait of his Left Bank crony, the sculptor Oscar Mieschmanoff, made \$9.35m; a decorative Matisse of two women fetched \$6.38m; and an almost unfinished view by Monet of London's Charing Cross Bridge went for \$3.5m.

There was a healthy sprinkling of new buyers, mainly north Americans

five by Picasso and a Leger, which had been on loan to the Tate Gallery. Only one sold: a Cubist work by Picasso, for \$3.18m.

This was because Sotheby's, in marked contrast to Christie's, had allowed the vendor to impose high reserves. No one doubted the quality of the works but they seemed expensive.

Also, there had been available for purchase for some years. It was no surprise that, after the sale, Sotheby's received approaches from potential buyers who were ready to deal.

"The lesson we learned was that there is good money for important pictures but it is nothing like the 1980s. When you make a mistake, you pay for it," said Alex Apsis, head of modern pictures at Sotheby's in New York.

In contrast, the Hazen paintings were fresh, good, and valued reasonably. Hazen, a Hollywood producer known best for the movies *Sorry, Wrong Number* and *Barefoot in the Park*, bought his art in the 1950s when collecting was less frenzied.

His van Gogh "Sons-bois" (The Thicket), a routine forest view painted by the artist just a month before his suicide, was the sensation of the week. Sotheby's estimated it at \$10m but two uncontrollable collectors chased each other up to an extraordinary \$26.9m, the fourth-highest price paid at auction for a van Gogh.

Nothing else at Sotheby's aroused such passion. A newly discovered Chagall failed to sell because it was an unusual image and expensive, at up to \$7m.

A very pretty Renoir scene of Paris also was surprisingly bought in: some critics doubted that it could be dated to 1876.

But Sotheby's did sell a Modigliani portrait of a peasant girl for \$6.6m and an important Leger, "La pipe", for \$6.6m.

Apsis was encouraged by the new buyers in the room and the return of the dealers: 40 per cent of the lots went to the trade, suggesting it is confident of finding buyers.

What this week revealed was how far the market is trading, quite sensibly, below the reckless levels of the 1980s.

Sotheby's, for example, sold a Picasso bar scene "Le divan Japonais" for \$3.6m, below its estimate of \$4m-\$6m and far below the \$8.25m the same painting fetched in 1989. A late Picasso "La lecture" went for \$620,000 on Wednesday as against \$1.54m in 1990.

Bids

The upheaval in the utilities sector continued this week with one actual and two potential bids, writes David Wighton.

Monday morning electricity bids are becoming almost routine, but the level of Central and South West's £1.6bn offer for Seaboard, the south-east of England distributor, raised a few eyebrows.

The US utility is offering \$35p in cash for each Seaboard share which, because Seaboard split its shares in two last year, is the equivalent of \$12.70 for the other regional electricity companies. That makes it comfortably the highest per share offer for a rec so far.

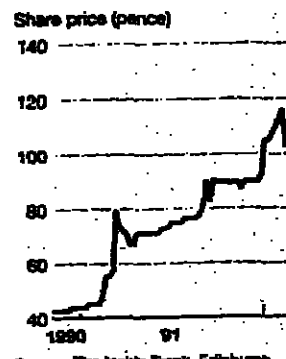
It compares with North West Water's offer for North West Water of \$11.60 and a flotation price of 240p in 1990. Shares in the five remaining recs rose sharply on the expectation of further bids. Other overseas companies known to be looking at possible bids include Houston Industries, the US utility whose joint bid with CSW for Norweb was topped by North West Water.

Yet, the next potential predator to show its hand was local: Welsh Water, which on Wednesday admitted it was considering a bid for South Wales Electricity (Swapec). Welsh Water said any bid would be valued at around £10.20, but analysts said there was little chance of a bid succeeding at that level.

Swalec's shares rose 70p to £10.58 on the day while Welsh Water's fell 30p to 72.4p.

Meanwhile, the government gave Lyonnaise des Eaux the go-ahead to make an offer for Northumbrian Water, which would be the first bid for any of the 10 privatised water companies. Analysts suggested that a bid of between £11 and £11.50 might be acceptable to both sides.

Everest Foods



Source: The Inside Track, Edinburgh

■ Directors' share transactions in their own companies

Company	Sector	Shares	Value (£000)	No of directors
SALES	Automotive	34,000	100	1
SALES	Automotive	20,000	28	1
SALES	Automotive	180,000	38	2
SALES	Automotive	800,000	548	2
SALES	Automotive	80,000	82	1
SALES	Automotive	850,000	89	1
SALES	Automotive	250,000	180	1
SALES	Automotive	67,000	94	1
SALES	Automotive	100,000	11	1
SALES	Automotive	100,000	183	1
SALES	Automotive	20,000	18	1
SALES	Automotive	20,000	10	1
SALES	Automotive	36,500	69	3
SALES	Automotive	90,000	10	1
SALES	Automotive	32,000	32	2
SALES	Automotive	20,000	60	2
SALES	Automotive	175,000	28	1
SALES	Automotive	20,000	10	1
SALES	Automotive	100,000	70	1
SALES	Automotive	20,000	31	2
SALES	Automotive	215,000	78	3
SALES	Automotive	15,000	28	1
SALES	Automotive	1,085,000	594	2
SALES	Automotive	293,000	111	4
SALES	Automotive	380,000	38	3

Directors' dealings

There has been buying at Oliver Group, a shoe retailer, where three directors bought 215,000 shares between them at about 35p, writes Vivien MacDonald of The Inside Track.

Interim results in the summer showed a loss of £3.1m compared with a profit the previous year and, over the past three months, the shares have underperformed by a margin of more than 60 per cent.

■ Biggest transaction of the week came at Everest Foods, which specialises in frozen products.

The Fox-Davies brothers, Christopher and John, sold 600,000 shares between them at 91p. Both held a large proportion of the company already but the timing of their purchases in November 1994, when the shares were only 55p, was particularly well anticipated.



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FT 10/1/96

Weekend Investor

Wall Street

From despair to euphoria in a year

The 12 months since last November have seen a reversal of fortunes, says Maggie Urry

This week marks a year since the US congressional elections gave the Republican party a majority in both houses for the first time in 40 years.

At that time, this column noted that victory raised the spirits of the stock and bond markets for barely three hours. Both were in the depths of despair.

There could hardly be a greater contrast between the mood then and now. Last November, it was hard to see beyond the gloom. Now, virtual euphoria reigns.

As it turned out, the bond market's misery a year ago had reached its end. The long bond yield hit its peak the day before the congressional elections, having risen from 6.18 per cent in January to 8.16 per cent.

The Federal Reserve had first lifted official interest rates in February and continued to do so until, in November, the market could not see when or how they might turn down again.

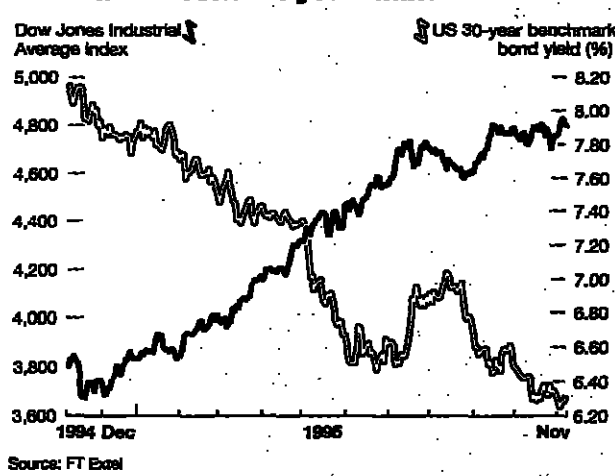
Meanwhile, stocks, which had held up better than bonds through the year, were also dismal. The Dow Jones Industrial Average hit its 1994 low early in April but was down in the dumps again by November, closing at 3874.63 on November 23. A year later, the long bond yield is about 6.3 per cent and the Dow has been setting records. It is now about 1,200 points – or one-third – higher than last November's low.

Turning points in the market are usually difficult to see at the time but become more obvious with hindsight. In retrospect, there have been several things working in the markets' favour over the past 12 months.

Take politics first. Those congressional elections, and the "contract with America" on which the Republican victory was based, has translated into some positive action for the markets.

Although promises of a cut in capital gains tax have yet to be kept, they continue to be made. There have been determined efforts to reduce the budget deficit, although the balanced budget amendment to the constitution narrowly missed being passed. The Republicans are pursuing a plan to eliminate the deficit by 2002 and give substantial tax cuts to the investing classes. Even the Democrat president has accepted the need to cut

What a difference a year makes



spending, albeit to a lesser extent.

But with the rapid approach of next Wednesday's deadline for making \$20bn of interest payments on government debt, this week the politicians have been heading equally quickly for a showdown on the question of the increase in the debt ceiling necessary to make those payments. Unless it is raised, the government would have to default on its bonds for the first time in 200 years.

The Republicans craftily tied a lifting of the ceiling to budget cuts they knew the president would find unacceptable. He said he would veto the proposal. So, each side was preparing to blame the other should the default occur. But the markets' buoyant mood has allowed them to ignore all this, assuming that something would be sorted out at the 11th hour to prevent the "unthinkable" default.

More important than politics over the past 12 months has been the course of interest rates. Last November, the Fed was not even halfway to raising them from 3 to 6 per cent in an attempt to engineer a "soft landing", damp down a rapidly growing economy and head off inflation. It could not be foreseen then that the Fed would make its final rate move as early as February 1 this year. After that the darkness turned quickly to dawn as it became clear that the next move in interest rates would be down.

The soft landing has been one of the financial market's big themes of the year. The desired combination of moderate growth and low inflation has at times seemed unachiev-

able, with the economy growing too slowly in the second quarter and too quickly in the third.

But as the months passed, and interest rates at last began their descent in July, the stock market became more convinced and rose.

Another theme has been the continuing strength of corporate profits. Equity investors like to see real increases in companies' earnings, and an economy enjoying a soft landing provides an ideal background. Investors have been pleasantly surprised by each quarter's profit statements, and at least part of the stock market's rise can be attributed to that.

The industrial sector that has led the market up through the year has been technology. A year ago the Internet, the computer information network, was still largely the preserve of the techno-wizards. Now it has become a household word, and the growth in ownership of personal computers has been rapid.

The Internet has been the icing on the technology cake. Who, a year ago, would have predicted a phenomenon like Netscape Communications? This company, with no profits but with a product that helps computer users find their way round the Net, had its shares priced at \$28 in August. On Thursday night, they closed above \$100.

Dow Jones Ind Average

Monday	4,814.01	-11.56
Tuesday	4,797.03	-16.98
Wednesday	4,852.67	+55.64
Thursday	4,864.23	+11.56
Friday		

London

Confused Footsie hesitates

Conflicting signals persuade investors to stay put, says Philip Coggan

Are you sitting comfortably? Then I'll begin. Once upon a time, there was a little stock market skipping through the woods. Suddenly, a big bull appeared.

"Keep on going," bellowed the bull. "Corporate earnings are growing, interest rates and inflation are low by historical standards, takeover speculation is rampant and Wall Street is hitting all-time highs. You've never had it so good."

The stock market thought for a moment and started to bound ahead, singing happily. Then, a huge bear jumped out from behind a tree.

"Go back," it roared. "There is danger everywhere. The economy is slowing and earnings forecasts are being revised downwards, the government is about to cut taxes and worsen the deficit problem, Labour may be elected soon, and Wall Street is over-valued."

All this advice was too much for the market. It hopped from one foot to another, trying to

decide whether to go forward or back. Then it saw a sign which said "Footsie 3,500," and decided to hang on to that.

For much of the week, this fairytale has been all too true. The market seems unable to break out of the 3,450 to 3,500 trading range in which it has been stuck since the start of August. Since October 20, the range seems to have narrowed further, to between 3,500 and 3,550.

On Thursday, for example, Footsie reached 3,553 briefly in the early part of the session but fell back to close at 3,541. It dropped further yesterday to 3,523.4, pulled back towards 3,500 like a ball on elastic.

With investors looking forward to the Budget on November 28, it is hard to see what will force Footsie out of the range before then. Investors seem content to sit on the healthy profits they have made so far this year.

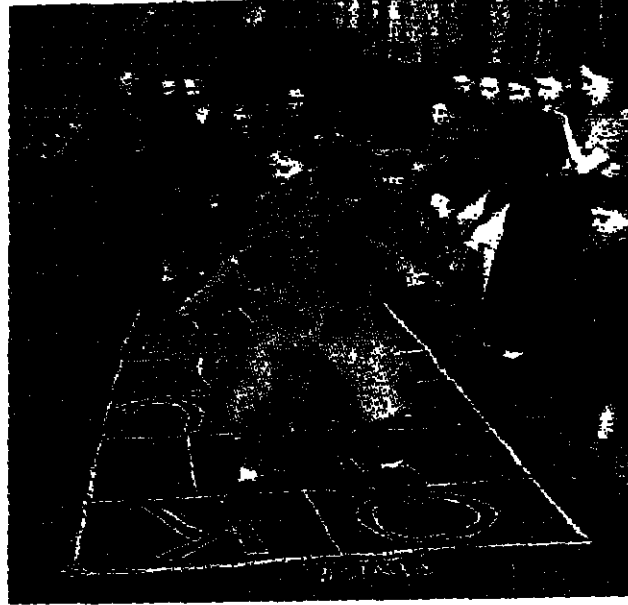
Fortunately, there has been plenty of corporate news to maintain their interest. South

Wales Electricity this week became the latest utility to be the official target for predatory interest, with Welsh Water announcing it was considering a bid. There are now only four regional electricity companies which have not been the subject of bid announcements.

On balance, the results news was positive, although there were a few notable exceptions. Ladbroke, the gaming and hotels group, warned on Thursday that the national lottery was continuing to bite into business in its betting shops.

Shares in Ameriham International, the health sciences group which was one of the government's first privatisations, plunged after the group revealed flat interim pre-tax profits. But there were good figures from the leading retail group Marks and Spencer, from tobacco and financial services conglomerate BAT Industries, oil major BP, and drinks group Allied Domeq.

The four-week average of the dividend index, this column's



The market hopped from one foot to another

indicator of corporate sentiment, still languishes below 60 per cent although it edged ahead this week, at least.

But the best news for the equity market in the past couple of weeks has been the strength of gilts. The yield on the benchmark 10-year issue fell rapidly from 8.21 per cent on October 24 to 7.77 per cent, close to its low for the year, on November 8.

Concern over the US Budget battle, and the possibility of a technical default on Treasury bonds, pushed yields up on Thursday and Friday. Nevertheless, the gilt rally has taken some of the pressure off equities, bringing the yield ratio down from 2.2 to a more reasonable 2.08.

The success of October's gilt auction seems to have sparked off the rally, and the market has received a further boost from suggestions that chancellor Kenneth Clarke was having success in taking the axe to the government's spending plans.

Slowing economic growth has helped government bonds; it also seems to have convinced the Bank of England not to press for an interest rate increase.

In its latest inflation report, published this week, the Bank said the recent slowing in the pace of growth might continue if companies met demand from unsold stocks rather than from new production. But the Bank feels this is just a growth pause rather than the start of a recession.

Bob Semple, UK strategist at NatWest Securities, believes that evidence of a rebounding economy and the continued liquidity flip from takeover activity will help the stock

market break out of the top of its recent trading range as we move into 1996.

In the second half of the year, though, politics will start to weigh on both equities and bonds, with the latter also hit by signs of inflation. In a year's time, Semple sees Footsie back at 3,600.

If he is right, this means Footsie will be only 2 per cent higher by end-1996 than its level in February 1994. It is a depressing thought for those investors who have been wistfully contemplating Wall Street's repeated highs; as the graph shows, the UK market has trailed well behind the Dow Jones Industrial Average over the past couple of years.

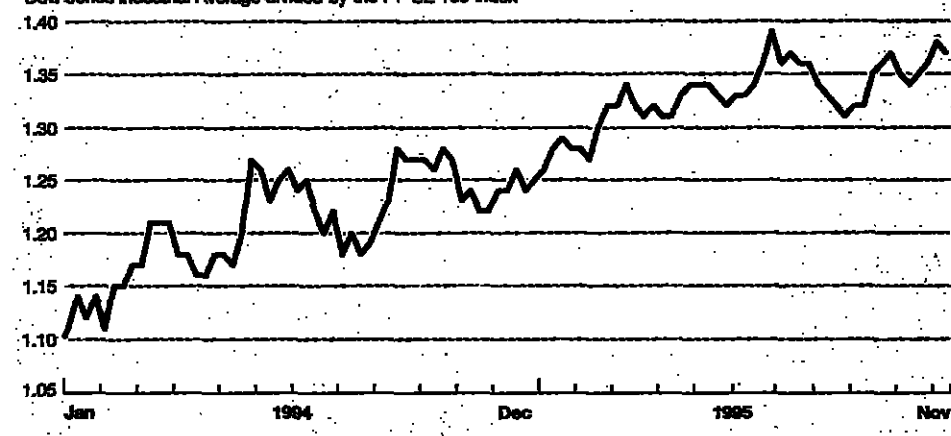
In recent weeks, Footsie's stability has disguised a weaker performance from the broader market. While shares in takeover hopes have been racing away, many stocks outside the financial and utilities sectors have been falling.

Technical analyst Brian Marber says that, this week, the 13-day average of stocks making new lows for the year exceeded the average of those making new highs, for the first time since September 1994. Declining stocks have outpaced advancing stocks consistently, on a 10-day average basis, since September 21.

Never fear. The beauty of statistics is that it is always possible to find one that provides some comfort. Christmas is coming, and, as David Schwartz points out in his stock market handbook, December and January have traditionally formed the best two-month period for stocks in the year. All good fairy tales should have a happy ending.

Wall Street leaves London far behind

Dow Jones Industrial Average divided by the FT-SE 100 Index



Highlights of the week

	Price	Change	1995	1995
			High	Low
FT-SE 100 Index	3523.4	+23.0	3593.0	2954.2
FT-SE Mid 250 Index	3902.3	+28.6	3991.3	3300.9
Canada	180	-9	273	174
Dorling Kindersley	511	+27	540	255
GKN	820	+19	829.6	543
Hickson Int	85	-14	145	85
Northumbrian Water	1108	+105	1108	676
Pilkington	183	+24	217	143
Reuter	610	+35	615	400
Royal Insurance	362	-26	429	251
Seaboard	633	+102	633	304
South Wales Elec	1044	+118	1075	630
Weir Grp	220	-16	293	218
Wolseley	30	-30	62	324
Zeneca	1229	+57	1250	840

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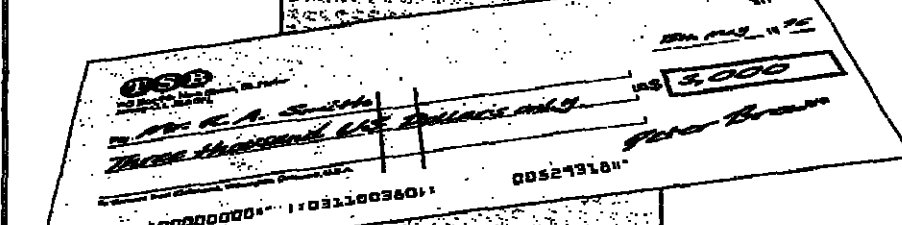
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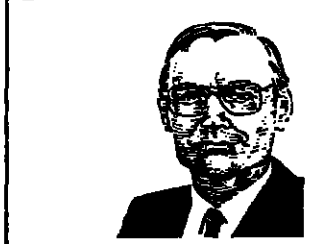
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Barry Riley

Fringe Freddie's birthday blues

Forget the champagne – it's conspiracy theories all the way



The familiar tones boomed out behind me and a hand grabbed my shoulder.

"Still writing that silly rubbish about bonds, old boy?" My heart sank. It could only be Fringe Freddie.

But who on earth invited him to Freddie's first birthday party? Perhaps it was that Kevin Goldstein-Jackson. There would certainly be big trouble when I found out.

After all, you would normally expect Freddie to be confined safely to the crankier gatherings of the investment world.

"Well, at least bonds have beaten coffee out of sight this year," I replied, remembering that Freddie had been heavily positioned in arabica futures the last time we met. But he is quite untouchable; he has an amazing capacity to forget all about his previous puns, especially the unsuccessful ones.

"Coffee? Hate the stuff," he snapped. "Now, what you ought to write about is food grains, especially wheat. It looks sensational on the charts and is 35 per cent up this year already. Food prices are the year's big story, but nobody is writing about why the CRB Futures Index has been hitting new highs. Take my advice, old boy, get yourself in a few sacks of wheat."

It was a hopeless task to try to counter Freddie in full flow,

but I had to try. "Surely decent rainfall in the right places will cure the problem next season," I suggested.

"And by the time they have brought some land out of set-aside, there will be a glut all over again. They will be rebuilding a grain mountain."

"Not a chance," said Freddie. "Professor Raymond Wheeler's Drought Clock, with its 500-year rhythm, points to an inevitable crisis as we head for the year 2000. Global warming caused by atmospheric pollution can only make the problem worse. The wheat harvest is already running 5 per cent below consumption, and farmers have reached the limit of fertilizer use, the experts believe."

Well, I said, I hoped gambling on wheat proved a better idea than his former enthusiasm about gold, the price of which had got completely stuck. But I had said the wrong thing again.

Freddie's eyes lit up. He was off and running. "Gold's moment is about to come," he rasped. "Just look at the financial mess governments have got themselves into. The US is planning to default on its debt. France is in deep crisis as it veers rapidly away from the Maastricht debt limits, and the Japanese financial system is about to melt down entirely."

"It's time to get into real assets. There will be a

gold-buying panic, you'll see."

"It's another of your fantasies," I protested.

"There's no absolutely sign of gold fever. The price has been locked between \$375 and \$395 an ounce all year."

But Freddie said that just showed how an unholy combination of short-sighted mines selling forward, and

"Didn't you wonder why the vote in Quebec was so out of line with the polls?"

central banks desperate to stop a rising gold price from undermining sentiment in the government bond markets, had rigged the market. "Once the price breaks above \$400, there'll be absolutely no stopping it."

So now we were into the conspiracy theories. There would be more, there always were. "Didn't you wonder why the Americans suddenly abandoned their trade war against Japan?" Freddie said. "They were told Japan was facing financial collapse. Recently, the US Federal Reserve even made a crazy offer to bail out Japanese banks that got into liquidity trouble."

"Now we have this Japanese premium, which means French nuclear tests on coral islands in the south Pacific."

"Er, probably to attract the Selfiefield area vote," I blustered. But Freddie was not even listening. "There's a deal. There has to be. It's to help Chirac plan to abandon the franc fort. That's what lay behind this week's otherwise nonsensical reshuffle. It was a clear-out of ministers who wouldn't agree. But when it happens, European monetary union will finally be dead and just watch Italy, Belgium and Sweden collapse."

"You are cheating me up no end, as usual," I said, "but never mind. We're celebrating, so please have some more pink FT birthday champagne."

Freddie looked at his glass for the first time and seemed puzzled. "FT? Pink champagne? This is the Kondratieff Society's annual cocktail party, isn't it? We always celebrate the great Nikolai's anniversary."

"Next door, old boy," I told him. "But no harm done, the rest of the long cycle fans will be there for hours yet, discussing whether the Kondratieff Wave is heading up or down. And you might just have given me the idea for a column."

Freddie turned towards the door. "Funny thing," he said. "I wondered what had happened to the Stolichnaya and black bread sandwiches."

Offshore managed funds and UK managed funds are listed in Section One